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# FINANCIAL TIMES

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Tuesday March 21 1978

\*\*\*15p

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## NEWS SUMMARY

**GENERAL**  
**Tanker threat to U.K. coast**

he Channel Islands and South Devon are threatened by pollution from the Amoco Cadiz tanker after it was blown off its moorings by gale force winds and currents pushing the oil slick within 50 miles of Guernsey and 70 of Devon.

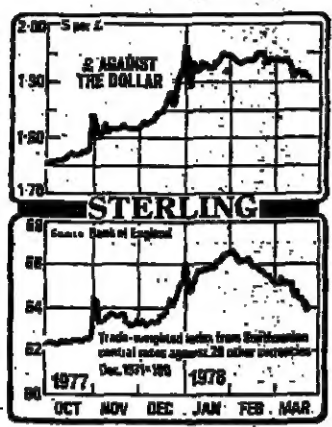
Although it was hoped that recasts last night of changing winds would keep the oil off English beaches, Mr. Denis Howell—who has already dealt with drought, floods, and snow on behalf of the Government—was named to lead any fight against pollution.

Meanwhile, there were conflicting reports over the stages the bid to save Amoco Cadiz, which Page

**BUSINESS**  
**Gold off \$4 in nervous trading**

**GOLD** fell \$4 to \$179.625 in nervous trading, with fears of gold sales by the U.S. Treasury depressing the market.

**STERLING** lost 25 points against the dollar, closing at \$1.9040, while its trade-weighted index fell to 63.9 (64.1). The dollar's trade-weighted depreciation narrowed to 5.53 (5.54) per cent.



**James peerage**

Sir Christopher Soames, former EC Commissioner, and Sir Peter Lawton, former Attorney General, are among 16 life peers named by Downing Street. The list is the first of its kind from a Conservative government.

**Hutto rioters**

uses, cars and a fire brigade truck were burnt out in Lahore by supporters of the deposed Pakistani prime minister, Mr. Hutto, who is under the death sentence for murder. Police used tear gas and baton charges to subdue the protesters. Page 4

**JAS aids Italy**

The U.K. is sending two counter-terrorist experts from the Special Air Service to help hunt the kidnappers of Sig. Moro, former Italian Premier. The move, announced by the Ministry of Defence, is at the request of the Italian government. Terrorist measures, Page 2

**Printers return**

West Germany's three-week printing dispute is over and newspapers should be back on sale today. Back: Editorial comment, Page 22

**Bulwark re-born**

The 27,000-ton aircraft carrier Bulwark has started a ten-month refit after two years in mothballs. Bulwark will be used as a submarine hunter while the Navy's rough-deck cruisers are being built.

**Klan leader goes**

Mr. Wilkinson, Ku Klux Klan Imperial Grand Wizard, was reported from the U.K. yesterday. Mr. Wilkinson, 34, had been arrested in Leeds and taken to London for questioning by immigration officials, who put him on an aircraft at Heathrow airport.

**Quick, quick, slow**

British Rail launched its high speed train service to Edinburgh yesterday—at normal speed. The 25 mph service does not begin to earn until May 8, when it will cut 40 minutes off the current five-and-a-half-hour journey.

**Briefly...**

Five Americans were remanded in custody at Uxbridge charged with bringing heroin into the U.K. from Bangkok.

The ombudsman has found a Birmingham council guilty of injustice by allowing a 14-year-old girl in their care to be kept in a room for periods in excess of 14 days.

A teenager who used his car for towing skateboards was fined 20 at Lytham, Lancs.

Joe Paul will not take part in only Week services because of influenza, but he may be able to do so on Easter Sunday.

Bible stolen by a German fleur-de-lis in 1941 to prevent it being burnt, has been sent back to its owners in a brown paper parcel.

Five Blacks died near Durban after drinking home-brewed liquor, South African police said.

**Rise in profits comes to halt**

**RAPID RISE** in profitability of U.K. companies in the first nine months of last year came to an abrupt halt in the final quarter. There was virtually no rise in trading profit net of stock appreciation in the fourth quarter, compared with a 13.9 per cent rise in the third quarter, seasonally adjusted. Back Page

**Oil companies**

with interests in the Nimrod Field are making contingency plans to overcome delays to work on the Sullom Voe oil terminal in the Shetlands. One idea being considered is construction of a 15km processing ship to convert gas from the field into liquid petroleum gas. Back Page

Plans for a new round of offshore oil exploration licences are likely to be announced in the next few weeks. Page 6

**Birds eye**

will announce today whether it will rescind notices given to 1,200 workers at its factory at Kirkby, Liverpool.

**UNIT TRUST** sales fell slightly last month, but are still well ahead of last year. Page 6

**COMPANIES**

**BOOKER MCCONNELL** increased pre-tax profits by 67 per cent to a record £24.93m. last year. Page 24

**HEPWORTH CERAMIC** lifted pre-tax profit to £26.72m. (£15.62m.) last year. Page 25 and Lex

## Israel to stay until south Lebanon is free of guerillas

BY DAVID LENNON: TEL AVIV, March 20

Israel consolidated her hold on the whole of south Lebanon below the River Litani to-day and made clear that she would not withdraw her forces until satisfied that the area would not be used again by Palestinian Arab guerillas.

After a Cabinet meeting Mr. Ezer Weizman, Minister of Defence, said Israel wanted to arrange a cease-fire agreement with a "sovereign" Lebanese Government. He added that the UN force being dispatched by the Security Council after last night's resolution in New York would be welcome "if it could help."

But Mr. Weizman carefully evaded questions about Israel's intentions, and the Cabinet clearly has serious doubts about the ability of UN troops to guarantee security in the danger zone.

Fighting was still raging to-night south of the Litani. The armoured columns, which moved rapidly north yesterday, combed the area for guerillas trapped by the speed of the advance.

The decision to move forward so far was taken when it became clear that the UN would call for an immediate cease-fire and an Israeli withdrawal.

Israeli artillery to-night was still pounding the Palestinian-held town of Nabatiya, about 10 miles north of the Litani. Middle East troops deployed in land and sea forces were sealing the ring to the south, east and west of the ancient port of Tyre.

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The Defence Minister told him that the UN force would be sent to the area occupied by Israel.

Gen. Shimon Peres said later that no timetable had been agreed for an Israeli withdrawal, but he hoped a symbolic UN force would move in soon, possibly tomorrow. He goes to Beirut tomorrow to consult the Lebanese Defence Minister and Chief of Staff.

Gen. Gur said that 18 Israeli soldiers had been killed in the fighting, and that about 250 Palestinian guerillas had been suspected the total closer to 400.

Other developments, Page 4

## Leyland 'could return to profit in two years'

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

MR. MICHAEL EDWARDS, Leyland chairman, said yesterday that the company could "break the back" of its problems and return to healthy profits within two years, if the work force and management continued to improve their performance, as they have over the past few months.

But the group would need to accelerate its rate of investment this year—it was £26m. last year—to achieve this target. He did not expect any significant rise in profits during this two-year period.

Mr. Edwards' comments followed preliminary results for 1977, which showed pre-tax profits of £3.1m. converted into overall losses of £51.9m. after provision of £43.8m. for the cost of ending TR7 production at Speke, Liverpool, and the run-down of operations in South Africa and Scandinavia.

Some £24m. of these provisions will go towards the cut-back at Speke, where the company has already written off its big and fixtures in case the union prevents their removal to Coventry, where it is planning to continue production.

The figures, which show total sales of £2.6bn. last year, come only two days before the Government is due to state its position on British Leyland's request for about £50m. worth of further State funds to follow the £200m. Middle East and £150m. loans in the last three years.

Mr. Eric Varley, Industry Secretary, is expected to give general support to this demand, although the Government, through the National Enterprise Board, Leyland's main shareholder, is likely to insist that

sufficient money is advanced for only a year in the first place. The results show that for the first time since 1974, British Leyland has lost its place to ICI as the country's biggest exporter.

Leyland's exports fell in value terms from an estimated £397m. in calendar year 1976 to £354m. in 1977, whereas ICI's exports rose from £222m. to £236m.

Mr. Edwards pointed out yesterday, however, that because of the lower import content in Leyland's sales, the company remains the biggest foreign earner.

Mr. Edwards also revealed that Leyland's proposed new investment plan contains a radical shift of funds away from the volume car activities of Austin Morris and towards the specialist car interests.

Commercial vehicles and special products. This plan, which is likely to come as a surprise to the unions, who have not yet discussed it

Continued on Back Page

## Hong Kong bank in U.S. talks

BY STEWART FLEMING

NEW YORK, March 20.

HONGKONG and Shanghai Banking Corporation, one of the world's leading commercial banks, is engaged in talks which could lead to the acquisition of a major stake in Marine Midland, the 12th largest U.S. commercial bank.

Hongkong and Shanghai said today it is conducting exploratory discussions with Marine Midland, which could lead to the acquisition of a "significant equity position" in Marine Midland.

Neither of the banks would comment any further on the discussions, although Hongkong and Shanghai indicated in its statement that the possible stake in Marine Midland would be acquired primarily through the purchase of newly issued securities.

The move would thus provide new capital for Marine Midland and would represent a major international expansion for Hongkong and Shanghai which made the first approach.

The group has a substantial U.S. presence through Hongkong Bank of California, the oldest foreign-owned bank in that State. The Hongkong and Shanghai group reported total assets last June of \$2.8bn. and the bank said that Marine Midland was a major U.S. financial institution with which it had a long-standing correspondent banking relationship.

As far as Marine Midland is concerned, however, there can be little doubt that a big factor in when total assets were \$2.8bn.

## Giscard will seek reformist Cabinet

BY DAVID CURRY

PARIS, March 20.

M. RAYMOND BARRE, French Prime Minister, is expected to present his Government's resignation to President Giscard d'Estaing on Wednesday after its comprehensive victory in yesterday's general election.

The final Cabinet meeting of the present Government should take place on Wednesday morning, although it is possible that the President may keep the Government in office on a caretaker basis to give himself until after the week-end to decide on a new administration. The new team must be in place by April 3, when the National Assembly meets.

The President will want to appoint a broad-based reformist

Other developments, Page 2

Giscard—the nobbled victor. Page 22

administration with the hope of pursuing a policy of "political and social enlargement" towards the Left. His intentions will emerge more clearly when he broadcasts to the nation on Wednesday evening.

The Paris Bourse marked up French shares by 5 per cent to-day. This was less dramatic than the 9 per cent rise which greeted the first-round results a week ago. But trading between the two rounds had anticipated partly the election outcome.

The franc opened strongly to-day, but its price was slowly eroded in later trading since the market largely had anticipated to-day's results. It finished at 4.90 against the dollar.

The Government will have 291 seats in the new Assembly, a majority of 91. It will depend on the support of 148 Gaullists, 137 members of the centrist alliance, the Union pour la Démocratie Française, which reflects the President's own views, and of six other coalition-supporting MPs.

The Gaullists lost 36 seats, compared with the 1973 election but remain the largest group in Parliament. M. Jacques Chirac, their leader, is halting their resignation as a triumph.

The UDF alliance gained 22 seats and has significantly evened up the balance of power within the coalition between themselves and the Gaullists. The scope and direction of the new Government's expected reform programme will depend on how well these two groups co-operate.

The opposition will be made up of 86 Communists, a gain of 14; of 103 Socialists, 15 more than in 1973; 10 Radicals of the Left; and a solitary far-left MP.

The longer-term attitude of the Radicals is doubtful, since M. Robert Fabre, ended his

Continued on Back Page

## Bonn blocks EEC action on economies

BY GUY DE JONQUIERES AND PETER RIDDELL

BRUSSELS, March 20.

EEC GOVERNMENTS will not be ready to decide on joint action to boost their economies until July at the earliest, largely because of West Germany's refusal even to consider fresh stimulus until May.

This became clear at the end of an EEC finance ministers' meeting here to-day, at which Herr Hans Matthöfer, German Finance Minister, told his colleagues bluntly that his government wanted more time to assess the impact of the refractionary action which it took at the end of last year.

Unrealistic

Germany declined even to join other EEC governments in accepting a scaled-down growth target of 4.5 per cent for the year from this July.

Herr Matthöfer argued that such a target was unrealistic at a moment when there was uncertainty about general economic developments in the first half of this year. Last October, the EEC finance ministers had agreed to aim for 4.5 per cent growth in 1978.

Mr. Denis Healey, Chancellor of the Exchequer, did not disguise his disappointment at the inconclusive nature of the meeting, which makes it unlikely that any significant progress towards a common EEC refractionary package will be made at the EEC heads of government "meeting" in Copenhagen on April 7-8.

Mr. Healey admitted time had been lost and indicated that no major decisions could be expected before the EEC heads of government meeting in Bremen in early July—just two weeks before the seven-nation Western economic summit in Bonn.

The Finance Ministers had been considering a Commission proposal under which it would recommend what contribution each EEC country could make to a concerted refractionary programme.

To-day's indecisive outcome means that whatever joint measures are agreed eventually will have little effect on economic activity this year. Indeed, agreement would have to be reached rapidly if there were any hope of achieving the new target of 4.5 per cent growth target in 1978-79.

## Accountants' VAT call

BY DAVID FREUD

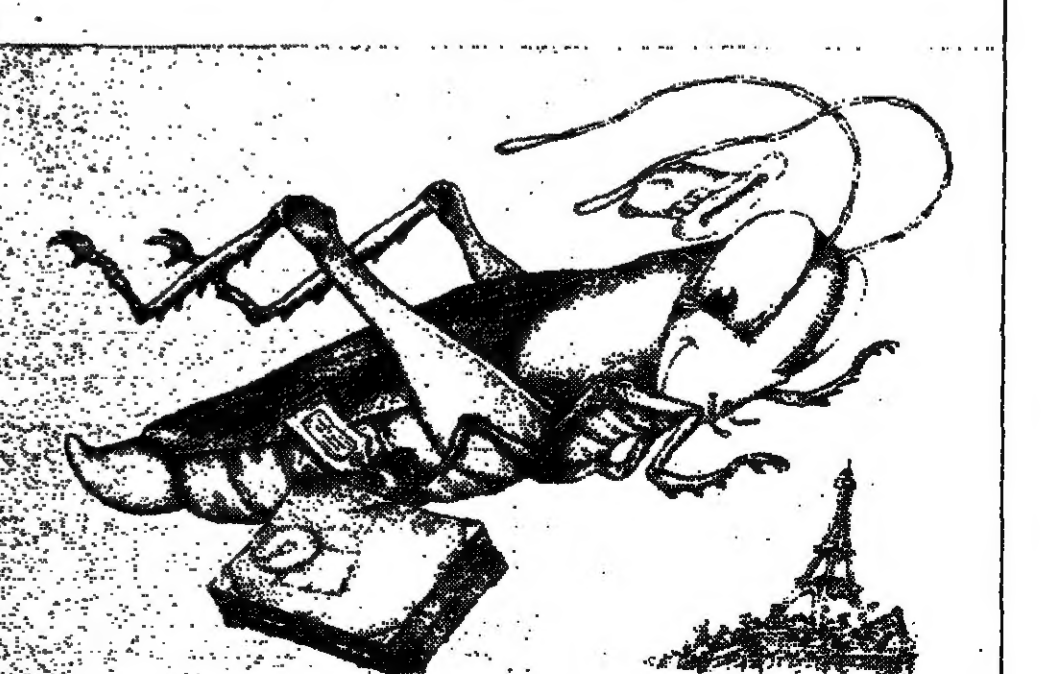
VALUE-ADDED TAX should be eliminated between registered traders, the Consultative Committee of Accountancy Bodies recommends in a memorandum to the Customs and Excise published yesterday.

Collection of VAT should be confined largely to those selling to taxable consumers, doing away with a vast amount of unnecessary paper work by industry and checking by Customs, it says.

The recommendations, if accepted, would make indirect tax almost the same as purchase tax, which VAT replaced in 1973.

The committee states: "Although VAT is a tax on final consumer expenditure, because of the exemption and recovery procedure at each stage it becomes an administrative burden which could be almost entirely avoided."

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## EUROPEAN NEWS

## Italy Cabinet plans new anti-terrorist measures

BY DOMINIC J. COYLE

ROME, March 20.

THE ITALIAN Government today called on the main political parties to support new anti-terrorist measures which are expected to be announced here tomorrow following a special meeting of the Cabinet.

The request, put to party representatives in private by Sig. Francesco Cossiga, the Interior Minister, coincides with the growing belief in political circles that "external forces" were involved in last week's kidnapping of Sig. Aldo Moro.

The official Communist Party daily, L'Unita, is now talking about "top-level powers, probably even outside our country," being involved in the kidnapping while Avanti, the Socialist newspaper, has reported that "a Francoist mastermind—with likely international links—can be developing in the incident."

Even the ordinarily staid Christian Democrat organ, Il Popolo, sees guerrilla techniques which are spreading throughout Europe, "trained and armed by the Soviet Union." Not for the first time, the newspaper mentions an alleged terrorist training centre in Czechoslovakia, and Rome police have already indicated that some at least of Sig. Moro's kidnappers were armed with Czech weapons.

The search for the kidnappers continues to be centred mainly in the Rome area, and a third car used in the ambush, in which all five of Sig. Moro's bodyguards were killed, has been found.

Sig. Giulio Andreotti, the Prime Minister, presided today over a further meeting of the inter-ministerial committee on security which is now permanently in session, as is the central committee of Sig. Moro's own party.

The Turin trial of Red Brigade terrorists is to continue despite today's interruption, and one leading Left-winger in the Andreotti Cabinet, Sig. Carlo Donat Cattin, the Industry Minister, has insisted publicly that "there will be no deals."

An earlier statement purporting to come from the Red Brigades demanded the release of the Turin accused, although a later statement with a photograph of Italy's five-times Premier in captivity, ignored this ultimatum, adding that Sig. Moro himself would be tried "before a people's court."



Sig. Renato Curcio (left), believed to be chief of the Red Brigades' guerrilla group, talking to an aide in the Turin courthouse where 49 of the group are being tried.

## Trial of urban guerillas resumes

BY PAUL BETTS

TURIN, March 20.

THE CONTROVERSIAL trial of 49 members of the Left-wing Red Brigades guerrilla group, which claims to hold the Christian Democrat party chairman, Sig. Aldo Moro, finally resumed here today.

The State evidently intends to prosecute the trial, postponed on two previous occasions over the past couple of years. The trial is regarded here as a major test for the State to see if it is capable of administering the ordinary course of justice in spite of the dramatic events of the past 72 hours.

All jury members and lawyers turned up in the heavily guarded court this morning despite a concerted intimidation campaign recently unleashed by the Red Brigades.

The Interior Minister had moved to ban television coverage of today's proceedings, but after a protest by cameramen which delayed today's hearing by

nearly two hours, a compromise was reached and television crews and photographers were let in claims to hold the Christian Democrat party chairman, Sig. Aldo Moro, finally resumed here today.

Once the cameras were in court, the accused, in a steel cage, used the opportunity to hurl abuse at the court and shout slogans like "Moro is in the hands of the proletariat," and "A much more serious trial is taking place outside"—a reference to the Red Brigades' claim that they would try Sig. Moro in one of their self-styled "popular courts."

Fifteen of the 49 defendants appeared today in chains. The proceedings were at moments highly emotional, and even the chairman of the bench, who up to then had been only reading out the charges, which include the setting up of "subversive armed bands," turned to Renato Curcio, the "ideological leader" of the movement,

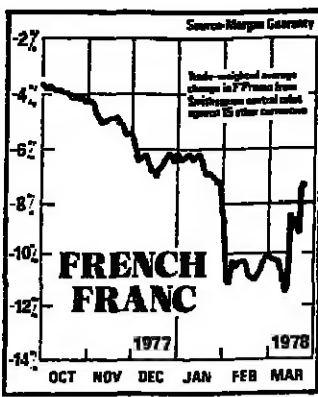
and reminded him that his uncle had died as a partisan.

The trial is due to continue tomorrow, when judicial procedural elements might possibly raise a constitutional issue that in turn would postpone the trial for several months.

Defence lawyers appointed by the Court indicated today that the accused are insisting on conducting their own defence. But since Italian legislation stipulates that defendants must be represented by counsel, the matter, if not over-ruled by the Court, would have to be referred to the Constitutional Court.

However, this would not represent a failure on the part of the State to prosecute the trial. Indeed, it would not be unreasonable to assume that the State might not be totally averse to Curcio, the "ideological leader" of the movement,

continuing their search



## Shares up 5% on Bourse

By David Curry

PARIS, March 20.

THE PARIS Bourse celebrated the Government's election victory by marking up French shares by 5 per cent. in Friday's trading. This was less euphoric than the 9 per cent. rise a week ago which greeted the realisation after the first ballot that the Left was headed for defeat, but it takes the general gain over six trading days to beyond 20 per cent.

The shares of companies on the Left's nationalisation list again performed strongly. Thomson-Brandt and its subsidiary CSF gained 27 and 24 per cent, respectively last week, and both moved up again today. Boussell-Uclaf, Saint-Gobain, Creusot-Loire and the financial sector were also targets for buying.

The decline of gold on world markets, combined with its no longer being needed as a refuge of last resort following the election result, caused sharp declines in the prices of gold itself and of gold-linked gilt edged. The 4½ per cent. 1973 dropped through Frs.700 and the Napoleon coin continued its slide from a pre-election high of more than Frs.300 to reach Frs.235.

The French franc was marked up sharply at the opening today at around 4.35 to the dollar against 4.86 on Friday, but it slowly weakened during the day to end at 4.60. A similar pattern of a strong opening position being gradually eroded during the day was true of the D-Mark (2.280 to 2.26) the Swiss franc (2.39 to 2.41) and sterling (1.67 to 1.71).

Dealers said that this evolution was probably influenced by some profit-taking and the fact that the election victory had been accounted for in large part in last week's rise. However, they remained confident in the strength of the currency over the next few months.

## French voters opt for safety

BY DAVID WHITE

PARIS, March 20.

THE POPULAR wisdom cited with hindsight by leaders of France's Centre-Right, is that when it comes to the crunch, French voters would rather be safe than adventurous.

But on the basis of pre-election soundings, or even of last week's returns in the qualifying round which heralded the anticlimax of the Left's campaign, nobody would have bet on the overall balance between Left and Right in the National Assembly coming out so remarkably unchanged.

In the first ballot, the various left-wing parties, although faring far less well than expected, increased their share of the vote to 48.4 per cent, 3.2 per cent. more than at the same stage of the last parliamentary ballot five years ago.

How did the Government "majority" which rump home with a barely reduced lead of 91 seats? Two factors emerge clearly from yesterday's poll, quite apart from the unequal distribution of voters per constituency and the works in favour of the Right.

Firstly, the extra voters who made up Sunday's record turnout mostly came to support the right-wing candidates while the Left could call on no extra reserves.

Secondly, and perhaps most importantly, the last-minute pact cobbled together the day after the first round vote between Socialists, Communists and Left-wing Radicals failed to rally the parties' supporters behind the alliance.

The formation of election pacts—between Gaullists and Centre-Rightists, on the one hand, and

between the main Left-wing parties, on the other—worked better for the Government.

If Gaullist or Centre-Right voters willingly cast their ballot in the second round for a candidate from the other group, the same was less true of Communist supporters voting for Socialists—in Marseilles, for instance, a formerly Communist constituency especially of Socialist voters gave just south of Paris, the Communists held the lead in the first round, backed up by a much-

outcome of many seats. The Ecologists, although gaining a disappointing 2.1 per cent. first-round vote, held the balance in several key constituencies. Their voters tended to opt for the Left, but by no means consistently.

For instance, in Clamart, a Gaullist constituency just south of Paris, the Communists held the lead in the first round, backed up by a much-

THE NEW NATIONAL ASSEMBLY			
	Seats 1978	Gains or losses over 1973	Second round vote %
Government			
Gaullist	148	-36	26.11
UDF	137	+22	23.18
Diverse	6	-6	1.42
Opposition			
Communist	86	+14	18.62
Socialist	103	+15	28.31
Left Radicals	10	-2	2.33
Extreme Left	1	-2	

Source: Ministry of Interior

Government majorities cannot be compared because of changes in

the Left had a potential majority of between 50 and 52 per cent. The joint Left-wing candidate was a Communist. Eight were lost to the Majority.

On the other hand, the Communist came out pretty well. Their gain of 14 seats means they increased their share of the Assembly proportionately to more than 51 per cent. Here, the fringe vote played a key part. So, in more than did the Socialists, and some constituencies, did the votes of Frenchmen living abroad which the Government has been accused of gathering by irregular means.

The non-aligned minority parties played a crucial role in the

## Chinese reject Soviet proposals

BY DAVID SATTER

MOSCOW, March 20.

THE SOVIET UNION said today that China has rejected a Soviet proposal for drawing up a joint declaration of principles which Moscow sees as a step toward the improvement of Sino-Soviet relations.

The Soviet news agency Tass said that the joint statement, proposed last month by the Presidium of the Supreme Soviet to the Standing Committee of the Chinese National People's Congress, would have pledged the two sides to base their relations on peaceful coexistence, respect for sovereignty, non-use of force and non-interference in internal affairs.

Tass said, however, that the Chinese leadership "assumed a rigid stand" and "repeatedly unacceptable preliminary condi-

tions it had advanced before."

Tass did not elaborate on what the Chinese preconditions were but in the past the Chinese have indicated that mutual troop withdrawal along the Sino-Soviet border must precede discussions on improving relations.

The Soviet Union has made a number of conciliatory gestures towards the Chinese since the death of Mao a year and a half ago. Moscow ended its long state of relations on the Chinese Bank said that the Chinese leader's stand indicated "that their words are at variance with their deeds," a charge the Chinese have also levelled against the Russians. Tass expressed confidence that relations between the Soviet Union and China will be restored, but said the matter will depend on what attitude China will take up.

The Tass report, which confirmed reports from Peking by Japanese sources, said, the Russians had suggested a meeting between Soviet and Chinese representatives "at a sufficiently high level" to facilitate agreement on a mutually acceptable joint statement "in the shortest possible time."

The news agency said its readiness to put an end to "the present abnormal situation" between the Soviet Union and China. As in the past, Moscow placed full blame for the bad state of relations on the Chinese. Tass said that the Chinese leader's stand indicated "that their words are at variance with their deeds," a charge the Chinese have also levelled against the Russians. Tass expressed confidence that relations between the Soviet Union and China will be restored, but said the matter will depend on what attitude China will take up.

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## Danish gas reserves estimated

BY WILLIAM DUFFLORCE

STOCKHOLM, March 20.

DENMARK COULD obtain about 15 per cent. of its current energy needs from its own offshore gas reserves within six years, according to an evaluation just published by the Danish Under-ground Consortium (DUC).

The report estimates reserves in the largest North Sea structure, a field of 500 to 600 million cubic metres of gas. The Danish Government and Folketing (Parliament) will now have to decide whether to go ahead with construction of a DUK-10bn. (1920m.) gas distribution system and pipeline.

At a cost of Dkr1.0bn. (147m.) for field development and Dkr1.2bn. for a 34-inch pipeline to carry the gas 317 kilometres to the coast of Jutland, the DUC calculates that it could start production within 3-4 years of the signing of a sales contract.

After a build-up period of two years it could deliver 2.3bn. cubic metres a year for a period of about 12 years, after which the annual output from Cora would gradually decline.

DUC is a partnership of the Danish company A.B. McEllen, which holds the sole concession for Danish oil and gas exploitation, with Shell, Chevron and Texaco. It was pressed by the Danish Government last year to evaluate the North Sea gas fields after a report from a respected consulting company, De

Golyer and Macnaughton, had indicated that reserves were sufficient for commercial exploitation.

In addition to the Cora Field, DUC estimates that the Dan Field, from which oil is at present being produced at a rate of 500 to 600 million cubic metres of gas. The Gorn Field, for which DUC has sought a permit to develop, the oil reserves, could provide up to 10bn. cubic metres of associated gas under favourable circumstances. The smaller Brent gas field could supply about 9bn. cubic metres.

But the DUC has reservations about the feasibility of exploiting the gas from these three fields, emphasising the uncertainty attached to producing gas from chalk layers.

The gas plan is politically controversial. The Social-Democrat Government has argued that the gas would give greater security to national energy supplies and help reduce Denmark's dependence on oil imports. The oil companies and opposition politicians have suggested that it would be more profitable to sell the gas to West Germany, where a distribution network already exists.

The Danish Central Bank has for the first time announced a target for the expansion of the money supply, writes Hilary Barnes in Copenhagen. In the annual report published at the end of last week the bank said that the money supply should not be allowed to increase by more than it did in 1977, when it rose by 9.8 per cent.

A condition of keeping the growth of the money supply (M2) within this limit was success in selling State bonds to finance the budget deficit. The bank said that this "center bank" together with the need to encourage foreign borrowing would mean that Denmark's high interest rate level would continue. The average effective return on bonds last week was 18.2 per cent.

The Bank forecast a reduction in the current balance of payments deficit from about Dkr10bn. last year to about Dkr7bn. but it said that further progress in reducing the current deficit would be difficult. Repayments on public sector debts alone would increase by about Dkr1bn. a year in the next three or four years.

The report said that the country's net foreign debt was Dkr51bn. (which is about 18 per cent. of GDP) at the end of 1977, an increase of Dkr13bn. over the year.

## Volkswagen may have to close plants

WOLFSBURG, W. Germany, March 20.

VOLKSWAGENWAG AG will have to close down production at its six domestic plants from March 30 unless the metalworkers' strike in the North Baden-North Westphalia region is resolved, a company spokesman said.

The closures will be unavoidable because of the shut-off in component supplies from firms in the strike-hit region, he said. The company's main component supplier is Robert Bosch GMBH, which, together with a number of other important suppliers in the Stuttgart area, has been closed by strike action since last Wednesday.

Volkswagen has 106,000 workers at its domestic plants in Wolfsburg, Salzgitter, Hannover, Brunswick, Kassel and Emden. Reuter

Optimism on Dutch economy

By Charles Batchelor

AMSTERDAM, March 20.

DUTCH consumers have grown more optimistic about economic prospects than they were towards the end of last year, according to the results of a survey carried out by the Netherlands Bureau of Economic and Personal Finance. The survey, carried out in January, showed an improvement in the number of consumers expecting an improvement in the economy over the next year had more than doubled to 28 per cent from 12 per cent in October. About 33 per cent. expected the situation to worsen (54 per cent. in October). Those expecting an improvement in the economy over the next five years rose to 36 per cent from 33 per cent.

The consumers interviewed were also much less pessimistic about employment. The number expecting unemployment to increase over the next 12 months had fallen to 51 per cent from 63 per cent in October while those expecting a decline in unemployment rose to 17 per cent from 4 per cent.

## Gibraltar-Spain sea links may be restored

BY JOSEPH GARCIA

GIBRALTAR, March 20.

AGREEMENT ON re-establishing maritime communications between Gibraltar and the Spanish mainland is expected to be reached in the summer when Anglo-Spanish talks are resumed at ministerial level. It is confidently predicted in Gibraltar today.

Such a relaxation of restrictions would not contradict Spain's strict interpretation of the 1713 Treaty of Utrecht on which it based her present 15-year blockade of the Rock.

This optimistic feeling follows last week's Paris talks between Dr. David Owen, the British Foreign Secretary and his Spanish opposite number, Sr. Francisco Ordoñez, at the talks, as part of the British delegation, were Gibraltar's Chief Minister, Sir Joshua Hassan, and Mr. Maurice Xiberras, the leader of the opposition.

During the four-hour Paris meeting, both sides agreed that the atmosphere had improved since the first encounter at Strasbourg last November when Gibraltarians and Spaniards faced each other for the first time—an unthinkable development prior to last year's Spanish general election.

This increase in confidence is seen as a precursor to the establishment of better and durable Rock.

relations between Spain and Gibraltar.

The restoration last December of telephone links with Gibraltar followed the Strasbourg talks. Officials from the Gibraltar Telephone Department have already been to Madrid, at Spanish invitation, to explore ways of improving the service.

It is significant that after so many years of sabre-rattling, a framework is being built which should enable a gradual easing of restrictions although, as British sources point out, restrictions are unlikely to be lifted in dramatic fashion. The essence of the current series of talks is precisely to defuse a heavily charged situation.

A clear indication of the desire that exists for a better relationship is the agreement to form at least three working parties to study such matters as telecommunications generally and maritime links, as well as the question of social security benefits for the Spanish workforce with drawn suddenly nine years ago.

Other expected areas of co-operation include a gradual build-up of trade links which were also severed years ago as part of the Spanish campaign to regain sovereignty over the

However, despite the improving climate of co-operation, there remains a wide gulf on the fundamental issues which have always characterised this centuries-old dispute. "We have created a spirit of dialogue without surrendering principles," said Sir Joshua.

Both he and Mr. Xiberras made reference at the Paris talks to a motion passed unanimously in the Gibraltar House of Assembly opposing talks on sovereignty.

But the Spanish side is clearly hopeful that the talks process will snowball to a stage, in the longer term, where it will be possible to reach agreement on an autonomous status for Gibraltar, given Spain's policy on regional autonomies.

Gibraltar's leaders have already made clear, with Dr. Owen's full support, that any proposals on the "major" constitutional change would require approval by the Gibraltarian people by referendum.

For the moment, then, both sides are intent in keeping the dialogue open, evolving face-saving formulas which will help reconcile hitherto entrenched positions, a continuing process which is bound to be influenced

by the developing relations between Britain and Spain, such as areas as the Common Market and NATO.

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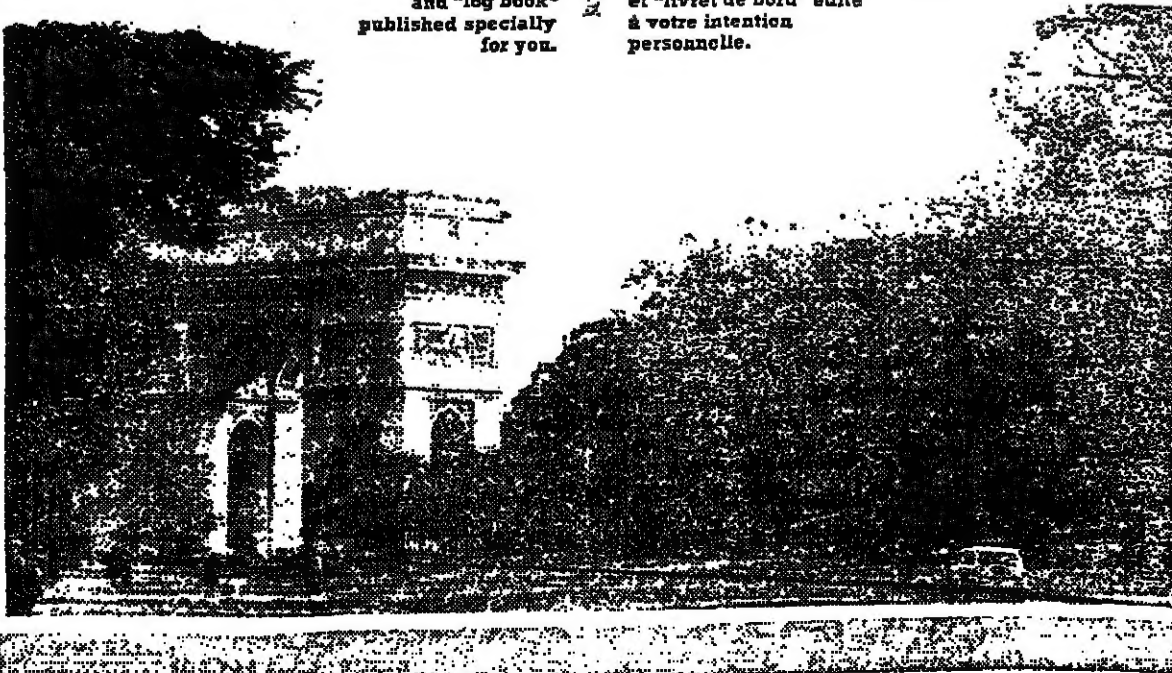
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## ALTA'S ECONOMY Filling the gap when the bases close

BY GODFREY GRIMA IN VALETTA

FORE BRITISH military with volunteer labour organisations in Malta are completely original created for tasks with engage the Maltese population of Mr. Domoff.

is urgently stepping up its to conclude a new accord with France, Italy, Libya and Malta that would guarantee island's security and economic wellbeing. For the moment, the removal of foreign bases by Mr. Minto's assertion that the removal of foreign bases will not prove equally beneficial to the island's economy and therefore it is not in the island's interest to remove them. Mr. Minto's assertion that the removal of foreign bases will not prove equally beneficial to the island's economy and therefore it is not in the island's interest to remove them.

For all the gains achieved, Malta will still be hard put to it to replace the £M28m. a year that will be lost from the bases.

major airport, highway and assembly hall schemes, work is going ahead on the creation of a new shipyard and a 300,000-ton repair dock at a time when the bottom is falling out of the world's tanker market.

In keeping with pledges to reform education and introduce a student worker scheme, the island's 200-year-old university is to have all but two of its seven faculties dismantled. In future it will only turn out lawyers and priests, of whom already there appear to be more than enough.

The "pro-Government" newspaper Malta News has said of this: "In the short term the intelligentsia will have to be put in cold storage. Intellectual horizons can be broadened when the economic climate is favourable."

A number of professors and highly qualified teachers have decided to seek jobs outside Malta.

Because of a nine-month-old doctors' strike, more than 75 leading Maltese medical experts have also left the island. Their jobs have been given to Arab and East European doctors who are costing the Government a lot of money. Despite these problems, Mr. Minto's administration maintains that the island's "date with destiny" is postponed, not only are there 4,961 registered unemployed but in 1977 will work out to Malta's best 8,000 are still employed.

## CRISIS IN SOUTH LEBANON

### Iraqi aid arrives for PLO

By Our Foreign Staff

AS IRAQI aid for Palestinian guerrillas started to arrive in war-torn southern Lebanon, Foreign Ministers of the "Steadfastness Front"—Syria, Algeria, Libya, South Yemen and the PLO—met in Damascus yesterday to discuss the Israeli invasion of the area.

Mr. Abdil-Halim Khaddam, Syria's Deputy Premier and Foreign Minister, opened the conference on Sunday night and called on Arab states "to assume their responsibilities by sending troops through or across Syria to reinforce the armed struggle of the Arab nation."

Meanwhile, Iraq—not a member of the "Steadfastness Front"—has already begun to transport supplies to the Palestinian commandos who have fewer weapons and men than the Israeli invasion force in southern Lebanon. Eyewitnesses reported that 31 military supply trucks headed down the Lebanon coastal road to the south and turned east towards the Palestinian stronghold of Nahariyeh which has been under Israeli artillery fire through most of the six days of the invasion.

It is not known what type of weapons or equipment are being supplied to the guerrillas but convoys are expected to arrive in the battle area at the rate of one a day.

In Damascus, the "Steadfastness Front" meeting has split into two groups to discuss the crisis: a political commission at the level of Foreign Ministers, and a military commission at the level of Defence Ministers or their deputies.

The meeting is taking place at the initiative of Syria who wanted to "consolidate" the "Steadfastness Front" and to co-ordinate their approach to the Israeli invasion of South Lebanon.

Commenting on the Security Council resolution to send UN troops to South Lebanon, the Syrian Government daily Tishrin warned yesterday that "in spite of that resolution, and supposing it is implemented, who can guarantee that Israel will not resort to the same kind of aggression?"

The struggle in the Middle East has come to the point at which the condemnation of Israeli aggression is no longer sufficient nor effective. What is really needed is a resolution forcing Israel to withdraw from the territories it has captured in her 1967 aggression.

# Grim outlook for the peace-keepers

BY ROGER MATTHEWS

BEIRUT, March 20.

IF THE United Nations force in southern Lebanon is to have any real effectiveness it must have the authority to engage in combat. It is extremely well equipped, highly mobile and vigorously commanded. This was the view of military experts here awaiting the advance party of UNIFIL (United Nations Interim Force in Lebanon).

The tasks facing the UN troops are considerable, both militarily and politically. As it is doubtful whether the mandate for the force allows it to make a fighting entry into southern Lebanon it will first have to wait the cessation of hostilities between the Palestinians and the invading Israeli troops. This in itself could be time consuming.

Israel's new northward thrust to the Litani River has meant the occupation of another sizeable portion of Lebanon, although not the control of it. The terrain is perfect guerrilla country: very hilly, wooded in parts and with only a limited number of roads along which mechanised units can move.

Therefore, although 2,000 or 3,000 Palestinian guerrillas and their sympathisers may be technically trapped south of the Litani, this does not mean that the Israelis can flush them out quickly. And if they attempt to do so they face more of the politically damaging casualties that they have been trying so hard to avoid since the invasion began.

Whether the Palestinians or the Israelis will fully accept a ceasefire is questionable. The Israelis as an irregular force, "fighting haphazardly" as they put it, cannot guarantee that once fighting has been taken all units would obey. It has no control at all over some other combat elements.

The Israelis also must know that if they are to obey the UN resolution demanding their withdrawal they will have to leave behind in the area between the Litani and the border some well armed guerrillas, something which will be politically difficult for them to accept.

But presuming that the UN troops do eventually get in—the best estimates are that it will take them ten days to a month to achieve any sort of effective presence—it then has to be decided whether they are fully military in function as well as form.

Southern Lebanon is traditionally an area where every family possesses at least two guns, and there is no way that the Israelis or the UN troops can either disarm them or discover all the guerrillas' arms caches. So the UN force will inherit a partially armed population, a number of guerrilla fighters from different Palestinian factions and, of course, their bitter enemies of the Lebanese civil war, the Right-wing Christians.

The present UN observers stationed on the border with Israel have suffered regular humiliations and some serious injuries at the hands of the combatants. In order to prevent this, to maintain authority, and to deal with outbreaks of violence, the UN force will have to do more than ask any warring parties to stop fighting.

As the price of withdrawal, Israel is demanding that the Palestinian guerrillas not be allowed to come flooding back in. If that be accepted to, the UN troops must have the power to search, arrest, and, to a large extent, police the return of the tens of thousands of people who have fled their homes. The refugee problem in Lebanon has become so vast in the past week that this has to be an immediate priority.

In turn, this raises further difficult questions about the composition of the UN force, and its geographic disposal. Who would best handle the Christians, aided economically and militarily by the Israelis, and who the Palestinians and the Lebanese? How is the balance struck between a force that is large enough to control the region but is not so great that it can be accused of becoming a major political influence?

Opinions vary about the number of troops and the amount of equipment needed. However, the present figure of 4,000 is thought to be an absolute minimum and perhaps 7,000-10,000 would be rather more adequate militarily, given the difficulty of the terrain and the mass of scattered villages and hamlets all of which will need patrolling. Armoured vehicles, artillery, helicopters and sophisticated communications equipment are all considered vital.

The six month cost of the operation is given as \$88m, and the Soviet Union has insisted that it should be for a limited period. But as the Lebanese Government has no authority in this country, as the Palestinians do not intend to stop fighting for their right to a homeland, as the Arab world is in disarray, and because of Israeli attitudes towards peace in the last four months, the chances for the latest UN peace-keeping force in the Middle East may be a brief or an easy stay appear small.

Our Foreign Staff writes: Lt. Gen. Eusebio Siliavuo of Finland, who is chief co-ordinator of all UN peace-keeping missions in the Middle East is to begin immediate talks on the withdrawal of Israeli troops or establishment of a UN area of operation.

The advance guard of UNIFIL, the very apposite acronym for the force being hastily assembled, will be drawn from Austrian troops at present serving with the UN Disengagement Observer Force (UNDOF) on the Golan Heights and from the Swedish contingent of the UN Emergency Force (UNEF) in Sinai.

Mr. Gen. Emmanuel Erskine, of Ghana, the UN Truce Supervision Organisation (UNTSO), also operating in the Middle East has been asked by Dr. Kurt Waldheim, Secretary-General, to be the "interim commander."

General Erskine has been instructed to deploy observers in the battle zone to confirm the cessation of military action.

Among the other countries which are believed to be willing or maybe asked to provide troops are Ireland, Norway, Nepal, Nigeria, the Congo and Romania. Early yesterday, UN officials said that the first units were expected to arrive in the southern Lebanon within 24 hours — or by Wednesday morning.

## Christians and Moslems divided over UN decision

BY HSAN HJAZI

BEIRUT, March 20.

AS Lebanon awaited the arrival here of UN peace-keeping forces, Christian and Moslem leaders were divided about the move.

Two Moslem leaders and former Prime Ministers, Mr. Saeb Salam and Mr. Takkeddin Solh, have welcomed the UN Security Council resolution to dispatch the forces here. But top Christian leaders have immediately expressed reservations—insisting the only possible solution is complete elimination of an armed Palestinian presence from Lebanon and reflecting perfectly the Israeli viewpoint.

Ex-President Camille Chamoun said those who were behind the resolution (meaning the U.S.), did not understand the problem. He had lunch to-day with Mr. Richard Parker, American Ambassador, to discuss the matter.

Mr. Pierre Gemayel, the head of the Phalange Party, the country's principal Christian paramilitary organisation which fielded the largest number of militia to fight the Palestinian guerrillas and their Lebanese Moslem allies during the recent civil war, said the stationing of UN troops here "will not end the disaster."

Behind the Christian reservations is a concern that Christian-Palestinian friction may recur now that the guerrilla forces have been driven out of the south by the Israelis and closer to the Lebanese interior.

The Lebanese Cabinet was holding an emergency meeting to-day under President Sarkis to consider the developments. The authorities have been mainly pre-occupied with the problem of refugees, whose number has risen to well over 250,000, according to Mr. Assad Rik, the Minister who heads a special Government committee for helping them.

As far as the domestic situation is concerned, the Syrian role is now crucial. According to informed diplomatic sources, the U.S. has urged Syria to get the guerrillas to agree to a cessation of hostilities in the south and to co-operate in the fulfilment of the Security Council resolution.

Washington has informed Damascus, the sources said, that if U.S. pressure on Israel for the implementation of the resolution is to be effective, Syria must ensure the Palestinians will not disrupt it.

Syrian officials have indicated their approval of the Security Council decision when they declared that they had no objection to the presence of UN forces in southern Lebanon as long as this is what the Lebanese Government wants.

Analysts believe Syrian co-operation in ensuring Palestinian co-operation will not be forthcoming unless Damascus is assured that Israel will withdraw its forces from the south.



Outside Bint Jbeil, Israeli-held Lebanon: Soldiers from the rabbinical corps collect corpses of guerrillas.

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## OVERSEAS NEWS

## China reports industrial output up

PEKING, March 20. CHINA has reported a sharp increase in industrial output with many industries turning out "more in the first two months of the year than in the first quarter of 1977."

The People's Daily said the value of industrial production also reached record levels and "unprofitable concerns cut losses, compared with a very passive situation" in the first quarter last year.

It added that it was usual for production at the start of a year to be lower than at the end of the previous year but this pattern had now been broken.

Oil, coal and electricity production are rising along with chemical fertiliser, insecticide, tractors, internal combustion engines and light industrial products such as cotton yarn, chemical fibre, paper, cotton cloth and cigarettes.

The most heartening aspect was the cut in losses, the paper said.

Compared with January and February last year, total losses decreased 45.9 per cent, while profits in industry and construction are generally increasing, bringing about an excellent situation in national revenues unseen in the past, it reported.

## Japan's 1977 steel output hits 100m. tons

TOKYO, March 20. JAPAN will be able to narrowly attain the 100m. tonne mark in crude steel output for fiscal 1977 ending March 31, against the original forecast of 99.53m. tonnes, the Japanese Trade and Industry Ministry said.

The Ministry's latest estimate said output will reach 100.3m. tonnes, compared with 108.3m. in fiscal 1976. This is because steel production in the January-March period, the last quarter of fiscal 1977, is certain to reach 23.9m. tonnes, about 300,000 tonnes larger than originally forecast.

This reflects increased domestic demand for the Government's public works investments and car production, it said.

The Ministry said it set an official guideline for Japan's steel production in first quarter, April to June, fiscal 1978 at 24.1m. tonnes, slightly up from the January-March output of 23.9m. and 0.5 per cent above the guideline for the previous quarter.

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## Thousands riot in support of Bhutto

BY SIMON HENDERSON

ISLAMABAD, March 20.

FOUR buses, three cars and a fire brigade truck were burnt to-day in Lahore during a demonstration by several thousand supporters of the deposed Prime Minister, Mr. Z. A. Bhutto, who was sentenced to death on a murder charge last Saturday.

The incident, the worst violence since the trial verdict was announced, took place at a gate of the old walled city in Lahore when a retired general and supporter of Mr. Bhutto, Tikka Khan, arrived to address a meeting. Police had to use tear gas and baton charges to break up the protesters who shouted slogans against the military regime of General Zia-ul-Haq and threw stones. General Tikka was arrested along with about 20 others.

Later groups of youths roamed parts of the city shouting slogans in support of Mr. Bhutto, who has retained considerable popularity despite the murder case and charges of corruption and election rigging against him.

Girls at one college formed a procession calling on the men of the city to protest at Mr. Bhutto's death sentence. The arrest of General Tikka, who was General Zia's predecessor as head of the army, marks a baptism in politics for him. Until a few weeks ago he had no formal position in the former governing People's Party but was then named as additional secretary general. In other parts of Pakistan small protests have continued against Mr. Bhutto's death sentence. About 200 students in Hyderabad burnt a petrol pump and the Sind provincial authorities have had to close three colleges. In rural areas there are reports of sabotage of railway tracks and breaches made in canals.

While details are, of course, not known at this stage, any move to limit imports into Nigeria could have a severe effect on the country's economy, which is still recovering from the 1977 drought.

In recent months, Nigeria has been running a balance of payments deficit, estimated at some 500m. naira (240m.) for the first half of 1977, largely due to a fall in sales of petroleum. Although crude oil production for 1978 was originally planned at some 3m. barrels a day, average production in 1977 was just over 2m. b/d, with production falling substantially towards the end of the year. Estimates for production in January are only 1.5m. b/d.

The principal cause of the fall has been the availability of new sources of competitive oil, principally from the North Sea and Alaska. A senior Nigerian official estimated in January that Nigeria would face a loss of some 20-40 per cent in overall revenue this year as a result of the cut-back in oil production.

Already Nigeria has turned to external sources to finance specific projects in its N35.5bn. (541.24bn.) development plan, with a 51bn. medium-term loan having been signed in January with a consortium of U.S. and European banks.

The Nigerian budget, which normally falls at the end of March, may be slightly delayed this year due to the visit of President Carter to Nigeria, from March 31-April 3.

Predictions, however, are that it will be tough.

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## WORLD TRADE NEWS

## Hopes fade for success in EEC-Japan trade talks

BY CHARLES SMITH

TOKYO, March 20.

THE PROSPECTS of ending the recent round of Japan-EEC trade talks with a joint communiqué setting out measures for balancing the trade look bleak. Sir Roy nman, the EEC Commission's director General for External Affairs, told journalists here yesterday that the talks had reached a dead end.

Sir Roy said that after more than a week of discussions there was still a theoretical possibility of a breakthrough by the end of the week, when talk ends. Japan, however, was showing no signs of shifting its position on any of the basic issues.

He said there might be "grave consequences" for the present open world trading system.

Sir Roy emphasised that the EC wants an "agreement with a substance" including commitments on the working of a free trade area.

Other issues under discussion included the enlargement and unifying of Japan's foreign aid (a topic on which some progress seems to have been made) and the Japanese attitude to Europe's proposal for incorporating a selective safeguard clause in the GATT Treaty (again, some sign of "give" on the Japanese side).

Progress in those areas, however, seems to be no substitute for a real prospect of agreement, the EEC team would agree to continue negotiations over the Easter holiday, Sir Roy said, but there would be no point in staying if the outlook was hopeless.

Japan's position seems to be that the EEC demand for a firm date at which it will start reducing its surplus is totally unacceptable (partly because of the implication that the Government has centralised control over foreign trade). It takes the same view as EEC demands for a commitment to increase the ratio of manufacturers in total Japanese imports.

The Government has also consistently stated that it cannot "decide" to buy European aircraft, since the decision rests with commercial airlines.

On tariffs Japan has so far refused to speed up its liberalisation timetable or agree to add "autonomous" tariff cuts outside the timetable.

The obstacles to some progress in the field of tariff cuts, however, do seem slightly less formidable than in the other two areas.

## Mitsui plant for S. Korea

SEOUL, March 20.

ITSUI CORPORATION has signed a contract to supply heavy iron and steel (Pocoo) to a hot strip mill worth \$5.5bn, out a long-term credit on basis, the state-run South Korean company said on Monday.

The contract, signed here on Tuesday, calls for a 15 per cent down payment and repayment of a remaining 85 per cent over years, including a six-month grace period at an annual interest rate of 8 per cent.

Mitsui is to deliver the \$200m plant, with an annual processing capacity of 4m. tons, within 28 months. The plant is part of the fourth expansion project to raise annual crude steel production capacity at its works at Pohang, south of here, from 5.5m. tons, projected for the end of this year, to 8.5m. tons by 1981.

AP-DJ.

Japan is shortly to sign an arrangement with China for co-operation in building a 3m. tonne-a-year steel plant at Shanghai, Yoshihiro Inayama, chairman of Nippon Steel, said.

It will be the first plant export deal concluded under the eight-year, \$20bn. trade agreement between China and Japan signed in Peking last February. China hopes to start operating the plant from mid-1980 and to increase production eventually to 6m. tonnes a year.

Reuters

## S. Africa surplus grows

PRETORIA, March 20.

SOUTH AFRICA'S trade surplus for the first two months of the year ended to \$30.6m. in February of \$14.2m. in January, compared with a deficit of \$89.2m. in February, 1977. Customs and Excise Department figures show.

Exports in February totalled \$40.2m., against \$49.9m. in January, and \$241.6m. in February, 1977, of which imports were \$459.6m., against \$485.4m. in January.

The figures give a surplus for the first two months of the year.

Reuters

## Canada in Lagos air deal

MONTREAL, March 20.

VIATION PLANNING SERVICES, a private group of aviation consultants, is to carry out complete master plan of a new aircraft maintenance and overhaul facility at Murtala Muhammed Airport, Lagos, Nigeria, under an agreement with Nigerian Airways.

The hangar bay will be more than 300 metres long and 100 metres deep and will be able to accommodate four Boeing 747 aircraft in the first phase of development up to 1982. Provision will be made in the plan for expansion required after this.

Complete overhaul facilities for components and engines are also planned. The whole complex will be the largest commercial aircraft maintenance facility in Africa.

The project will enable Nigeria Airways to reduce foreign exchange costs incurred through the present lack of facilities in Nigeria. The base will attract work from other African airlines.

APS explained that Nigeria had received many unco-ordinated foreign proposals for building the base, and it was called on to work out a master plan. The next stage will be international tenders for detailed design, then construction. Part of its role will be to sort out the future bids.

## Mombasa dry dock opens

NAIROBI, March 20.

THE ONLY dry dock on the East African coast has just become operational at Mombasa, Kenya, with the admission of the German Line's City of New York.

The dock has been built in the 16th of the African Marine and General Engineering Company, a cost of some \$1.3m. African Line, is two-thirds owned by Kenyan group and one-third by the Kenya Government.

The dock can carry out a full range of services and maintenance on vessels up to 18,000 tons registered tons. The dock is fully equipped with a foundry, electrical, carpenters', paint, welding, air conditioning, refrigeration and plumbing shops.

This means that the Mombasa port can now offer the world's cargo fleets a facility unique on the East African coast. The nearest competitors are Diego Suarez in Malagasy and Durban in South Africa.

Kenya's own cargo and naval vessels can now be fully maintained in the country where before they had to go to other countries for dry-docking.

African Marine is looking to a turnover of some \$2m. and the dock is specially suitable for ships which turn round in Mombasa.

## Sudan seeks irrigation tenders

BY OUR OWN CORRESPONDENT

KHARTOUM, March 20.

DAN IS seeking tenders for a second round of the Blue Nile by 15 miles (25 km) of flexible 42-in. supply canal, for syphon work on the 1000-acre Rahad irrigation project. The tube, in continuous or pre-cut three-metre lengths, are in the Blue Nile province, 10 miles south of Khartoum.

The Rahad irrigation scheme, inaugurated last December to date mainly cotton and sorghum, is Sudan's first long-term irrigation project. Sir row irrigation project. Water row irrigation project. Water row irrigation project.

## Port congestion getting worse

BY OUR OWN CORRESPONDENT

NAIROBI, March 20.

NGESTION AT the Tanzanian port of Dar es Salaam is moving to a critical stage, with 87,000 tons of cargo piled up, according to local Press reports. Waiting time for ships is now three days.

The congestion is causing great hardship in landlocked Zambia, which has 35,000 tons of imports and exports awaiting clearance at the docks.

A docks official said the cargo charge rate has dropped from 100 to 50 cents per ton.

## Yugoslav refinery order

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A docks official said the cargo charge rate has dropped from 100 to 50 cents per ton.

BY DOUGLAS RAMSEY

TOKYO, March 20.

THE SOVIET Union has suffered a setback in its attempts to wrest a much larger share of the Japan-Europe cargo trade for the "Siberian land bridge" away from traditional shipping services.

In a landmark decision, Japan has vetoed a Russian proposal to set up a joint venture with three Japanese transport companies which, if established, might ultimately have given the venture a monopoly position in Japan-Europe transport.

Late last week the Foreign Investment Council (FIC) rejected the September application by Sojuzveshttrans (SVT) to set up a joint venture company—Nisotra—with Nippon Express, Nissin Transportation, and Joro Container Transport. It is the first case of Japan's rejecting outright a joint-venture plan since liberalising foreign investment rules in 1973.

Nisotra would have been held 49 per cent by SVT and the rest equally between Japanese partners. The Japanese Foreign Ministry has openly opposed the plan from the start on the ground that too much reliance on the Siberian land bridge for cargo transport would leave Japan open to abrupt policy changes in Moscow.

The Japan Shipowners' Association (JSA) welcomed the ruling. Mr. Yoshiro Yoshida, JSA director-general, has lobbied strongly against the Nisotra plan on the grounds that it would let SVT gain complete control over the Siberian land bridge trade and, from there, undercut sea liner services between Japan and Europe which now carry the bulk of that two-way trade.

## Greek shipowners' talks

ATHENS, March 20.

GREEK SHIPOWNERS go into closed conference on Thursday to discuss Japan's rejection of their bid to get a two-year delay in paying for 2.6m. tons or over 130 ships ordered from Japanese shipyards.

A spokesman for the union of Greek shipowners, said the meeting would officially concentrate on the president's recent proposal to lay up surplus capacity in order to meet the general slump in the dry-cargo freight market. But he said the "impasse" created by the Japanese would also be discussed. He added that the talks would remain confidential.

Greek sources claim that because most of the orders have been placed by small Greek ship-

## Victor link with Thomson-Brandt intensifies VTR competition

BY OUR FAR EAST EDITOR

TOKYO, March 20.

VICTOR OF Japan, the originator of the VHS video tape recorder system, has secured a European ally in the shape of France's largest consumer electronics manufacturer Thomson-Brandt.

It was announced today that Victor and Thomson have signed a series of technical assistance and marketing agreements which will provide for the French company to sell Victor VTR sets under its own label and eventually to set up a manufacturing plant in Europe.

Simultaneously Victor announced the signing of a similar agreement with Norddeutsche Mende, a West German consumer electronics company, which has close relations with Thomson.

The Victor-Thomson tie-up is the first to be announced by a Japanese video tape recorder manufacturer in Western Europe but parallels similar arrangements already made in the U.S. by Matsushita Electric, which is a 50 per cent shareholder in Victor, but at the same time a licensee of Victor's VTR technology, is supplying sets to RCA for marketing under the U.S. company's own label in the American market.

Sony, which leads the rival group of Japanese VTR manufacturers producing sets under the "Beta-Format" system, has a production and licensing arrangement with Zenith. Sony is known to be talking to one or more European electronics makers with a view to arriving at a marketing or production licensing agreement. It has also announced the start of direct sales to

Western Europe under its own label. But, whereas Sony expects to start sales in May, Victor claims to have been selling its VTRs in four European countries since last month.

Victor's agreement with Thomson-Brandt calls for the supply of 30,000 sets during the initial year of the agreement, starting from July. The sets will be marketed in France and in any other countries using the SECAM broadcasting system where Thomson-Brandt maintains distribution channels. The agreement with Norddeutsche Mende covers sales in European countries using the PAL broadcasting system, including West Germany and the U.K.

The Victor announcement seems to confirm the early lead taken by the VHS family in Europe over its Beta-Format rival (the two systems are incompatible because they use different sized cassettes). This reverses the situation in Japan itself where Sony was first in the mass market field with its early Betamax VTR sets.

The prize being sought by the Japanese VTR manufacturers so far as exports to Europe are concerned is a licensing or marketing agreement with Philips. Both Matsushita and Sony are known to be in discussion with Philips but both companies are being careful to avoid appearing over-optimistic about their chances. Philips is the only European company to have developed its own version of VTR.

## Kellogg in Saudi Arabia

Bakhsb-Pullman Kellogg has work and other services with a view to raising pharmaceutical standards of other countries.

The first guide on how to import into Britain, sponsored by the British Importers Confederation, has been published by Trade Research Publications. The book gives information on how to find sources of supply overseas, helps importers to make buying decisions and explains the legal and financial aspects of contracts with foreign exporters. It includes sections on import procedures, including customs. Its title is "U.K. importers' guide".

## Third World drug aid

The Kabi Group, a Swedish state-owned pharmaceutical concern, has formed a new company, SWE Drug Consulting, to increase emphasis in developing countries on projects in pharmaceuticals.

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DEPARTMENT OF ENERGY

FISC



## HOME NEWS

## New offshore licence round likely soon

BY RAY DAFTER, ENERGY CORRESPONDENT

PLANS FOR A new series of offshore oil exploration licences are likely to be announced in the next few weeks.

The oil industry is confident that the new blocks to be offered under the sixth round of licences will include prospects in the North Sea and promising structures to the West of Shetland and in the Western Approaches—two areas to be investigated more fully this summer. However, there is concern among oil companies that the Energy Department plans to change the rules of offshore exploration and allow the State-owned British National Oil Corporation to have a majority stake in sixth round blocks without having to pay its full share of exploration costs.

Under the fifth round of licences—now being formally awarded—the corporation must pay 51 per cent. of the exploration costs on blocks in which it has a majority interest.

The idea, which now appears to be emerging from Whitehall, is that in future licences the corporation will have a carried interest in concessions through the exploration phase.

## Development

This will mean that the corporation will be a partner in licences but it will not be expected to fund operations until a field has been found and declared commercial. Then it will be expected to pay its share of development costs if it wishes to remain a partner.

In addition, it might also be required to pay its share of past exploration costs.

A number of companies have been told by Government officials that these conditions should not be onerous as many of the offshore operators will be able to offset exploration costs against tax due on other North Sea interests.

However, oil companies say that the new rules would make offshore exploration less attractive.

Within Whitehall, Treasury officials have questioned the need for the Corporation to pay for exploration when it is known that oil companies would be prepared to foot the bill.

The Corporation already has a heavy investment programme arising from interests in licences issued in earlier rounds.

The Corporation is planning

to extend its offshore involvement in two ways. It will soon be issued with exploration licences of its own; concessions that will be awarded outside the normal licensing rounds.

Any oil found in these concessions will be exploited in the national interest without commercial pressures from private companies.

Second, the Corporation is expected to be granted a right of first refusal when any company offers to sell a part or the whole of its interest in a licence. These two developments and the plans for the sixth round of licences are likely to be announced in Parliament shortly after the Easter recess.

Meanwhile, Continental Oil and the British Gas Corporation are planning to share the risks on an exploration well in the English Channel.

The well is likely to be drilled on Block 95/22 to the south-west of the Isle of Wight where British Gas has sole interest.

Conoco and the corporation which are licences on the adjacent Block 98/23, will share the costs if present negotiations are successful.

It is thought that the two blocks share a common geological feature. As no company has yet drilled in that offshore area, the companies are anxious to obtain more information about oil prospects before spending large sums on a full exploration and appraisal programme.

To the west of the Shetland Islands, British Petroleum and its partners are to drill two further wells this summer on Block 206/6 where the group has made a promising oil discovery.

BP has a 40 per cent. interest in the block which is thought to contain the bulk of a structure with possible oil reserves in excess of 450m. barrels. Chevron (40 per cent.) and Imperial Chemical Industries (20 per cent.) are the other two partners.

The oil located in the block is fairly heavy, but with very little sulphur. However, on the evidence of the first well the permeability of the structure does not allow the oil to flow very well.

As a result, the partners are uncertain about how much of the oil in place can be recovered, and how quickly the crude can be extracted.



Two members of Friends of the Earth, the environmental pressure group, dressed in protective clothing and carrying radiation level testing equipment, handing out leaflets in Central London yesterday. The leaflets give information about a demonstration to be held next month to protest at the planned expansion of nuclear fuel reprocessing at Windscale, Cumbria.

## Nuclear waste disposal 'safe in short-term'

BY LINTON MCLEAN

METHODS of processing and storing radioactive waste from nuclear power stations are safe but not a satisfactory long-term solution, the Electrical Power Engineers' Association said in a report published yesterday.

The association represents engineers who run Britain's power stations. They say there is no alternative to the use of nuclear fission for future power generation.

The report gives reassurance over the possible dangers from radioactivity which may arise as a result of the expansion of Britain's nuclear power generation programme up to the year 2000.

The risks of health damage for

workers in the industry and the public near nuclear plants were lower than those accepted by workers in other industries.

The present on-site storage of nuclear waste would give way to acceptable methods. These would become available by the end of the century as a result of programmes under way.

## Fifty deaths

But delays of several decades would occur before redundant nuclear reactors could be dismantled and the site made available for unrestricted use.

By the end of the century, when Britain might have 55,000

megawatts of nuclear generating capacity, the risk to the 60m. population would be no greater than that of being struck by lightning. There would be a maximum of 50 deaths a year.

Plutonium created problems which were considerable. But since the effects of plutonium have been studied more intensively than any other radioactive substance, the working party which produced the report concluded that there was no justification for alarm.

The risks of fissile material falling into terrorist hands must never be underestimated but it was feasible to safeguard the security of all potential targets to the required level.

## Drummond is given more time

FINANCIAL TIMES REPORTER

DRUMMOND Investors, the financial services company which is subject to a petition for winding-up, has been given more time to complete a scheme of arrangements to be presented for the approval of creditors.

Mr. Justice Oliver in the High Court yesterday granted an eight-week adjournment, until May 15,

of a petition by Mr. and Mrs. Stanley Swift of Greenhill, Weymouth, who are creditors for £1,950. There are eight supporting creditors with claims totalling about £10,500.

Mr. Robert Reid, the life company, said the basis of the scheme was that the father of the sole director would establish a fund of about £15,000 which would pay existing creditors,

other than his son, about 50p in the pound.

Mr. Nicholas Underhill, for Mr. and Mrs. Swift, opposed the scheme, under which his clients would recover less than £1,000, while at the same time have to pay the costs of the petition. He added that there was reason to believe that the company was not even good for the costs of the petition.

## Atlantic air traffic expected to rise 15% this year

BY MICHAEL DOWNE, AEROSPACE CORRESPONDENT

AIR-PASSENGER traffic between the U.K. and the U.S. is expected to rise by at least 15 per cent. to over 41m. this year, largely because of the spread of cheap flights on the route.

Mr. Edmund Dell, Trade Secretary, commenting in the Commons yesterday on the new Anglo-U.S. Atlantic air-services agreement signed last week, said that it had maintained the importance of London as the premier air gateway into Britain.

Although under the agreement the U.K. has accepted an increase in the number of routes on which cheap fares can now be offered, the belief in Whitehall is that Britain has achieved as much as it could in the light of the strong U.S. political trend towards cheap fares both domestically and internationally.

It is stressed in London that all the new cheap fares, to Philadelphia, Boston, Chicago, Detroit, Los Angeles, San Francisco and Washington as well as New York, are experimental, and that they will be reviewed in October or November.

## Cautious

If by then they are found to be causing too much loss of revenue to the airlines—many of whom are already losing money on the North Atlantic route—the new rates may be substantially amended, although it is unlikely that they will be dropped entirely.

As well as the Anglo-U.S. review next autumn, there will be an additional multi-national review of all Atlantic fares between the U.S., U.K., Canada and European countries, in Ottawa late this year.

While the main airlines—British Airways, British Caledonian, Pan American and Trans World Airlines—have all welcomed the new extension of cheap Atlantic flights, some are being cautious.

Mr. Gerry Draper, director of commercial operations for British Airways, said that the airline would have liked a full summer's experience with cheap flights on the New York route before extending them to other destinations.

"We need to learn where the peaks and troughs of the market are going to fall. Moreover, we are not convinced that stand-by fares are really what the public ideally wants anyway. We think they would really like a reserved seat as well."

Our problem, and that of the whole industry, is to meet this perfectly reasonable pressure for lower fares without losing more money than we earn.

"We have to find a way of offering low fares. If necessary, with quite simple standards of service, and still earn enough to pay for the enormously expensive equipment we need."

It is estimated that while the number of U.K.-U.S. passengers may rise by 15 per cent. this year, airline revenues may rise by only 3 per cent.—and even this may be eroded by inflation.

The extension of cheap flights may also seriously erode the capability of the independent charter operators to compete with the scheduled airlines, in spite of the new Anglo-U.S. charter agreement also signed last week, which improves operating conditions for charter airlines.

## Building orders down 7% on previous year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE FLUCTUATING PATTERN of new orders for the construction industry was repeated in January, says the Department of the Environment.

Orders received last year showed a 7 per cent. decline from 1976, the value of construction output last year fell by about 2 per cent. Only a modest improvement over last year is expected this year.

Expositional figures indicate that the price value of orders for contractors in January was £871m., against £861m. in

December. The figure is a near repeat of last November's total.

The Department says that expressed at constant prices total new orders from November to the end of January were 9 per cent. higher than in the previous quarter, and 5 per cent. up on the same period a year ago.

New orders in the public housing sector, the latest quarter under review, rose by 15 per cent. over the preceding three months and 6 per cent. over November-January a year earlier.

## Unit trust sales down

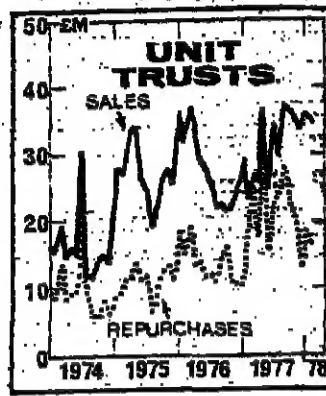
By Eric Short

UNIT TRUST sales in February fell slightly from the high level of the previous month. They were down by nearly £2m. to £34.6m.

Nevertheless, this value confirms the buoyant trend of sales seen over the first months of last year has continued.

Sales during the first two months of 1978, at nearly 30 per cent. higher than in the corresponding period last year.

Repurchases in February showed a substantial drop from the previous month to £18.9m. from £19.1m. resulting in net



new investment during the month, at £17.7m., being slightly higher than January's value of £17.2m.

Net new investment so far this year is more than double that for the same period last year.

Total value of funds employed by the industry at end-February amounted to £53.4bn., compared with £3.9bn. at the end of January, this fall occurring in spite of a rise in the number of unit holders accounts to 1,985,000 from 1,961,000.

The fall arose mainly from the decline in equity values over a month when the FT Industrial ordinary share index shed 5 per cent.

Mr. Edgar Palmountain, chairman of the Unit Trust Association, said that the figures were even better than expected. The lower value of repurchases compared with the high levels of last summer, showed that investors had settled down and sales were remaining buoyant, since February was a short month.

Particular investors were finding the U.S.-oriented trusts attractive.

## Shipyards 'must be maintained'

By Our Glasgow Correspondent

A WARNING that Britain and industrial Europe might have to rely on foreign shipyards for the means to carry on their trade was given yesterday by Mr. A. Ross Belch, managing director of the Scott-Lindsay group and a Board member of British Shipbuilders.

He told Glasgow Chamber of commerce that if the British shipbuilding industry is to survive the next 20 to 40 years, there would have to be expanding use of artificial stimuli to attract new orders.

In an attempt to counter EEC pressure on Britain to reduce its shipbuilding capacity, Mr. Belch criticised the Government's thought the U.K. should opt out of shipbuilding wholly or partially, leaving the way clear for Japan, Korea, Brazil and other countries to supply British ships.

While shipyards could be mothballed, its workforces could not. The only two alternatives open to the industry today were to pack up and get out, or try to weather the storm by using a range of devices and expedients until the market picked up.

It was unthinkable that British shipyards should shut up shop. The industry had to be maintained at all costs, he said, by whatever means were necessary.

The British industry now had an order book of about 1.5m. gross tons, providing work for about 18 months. But world demand was likely to fall in this year from a peak of about 20m. compensated gross tons to not more than 7m. tons.

"If this is true, it means that only about one-third of our shipbuilding capacity will be needed in the next few years."

Mr. Belch called for the advancement of some naval orders to help yards through the crisis. And the industry had to diversify—particularly into the new markets offered by offshore oil.

Most of all, the British shipowner must be encouraged to place orders at home.

"I believe the development of ever-closer links between U.K. shipowners and shipbuilders is central to any practical survival strategy, and could in the long run assume a key role in the country's economic expansion," Mr. Belch said.

## Ambulancemen work to rule

CHESHIRE ambulancemen will begin working to rule today because of a reduction of £100 in their bonus payment.

The drivers will still take patients to hospitals but will not collect them. There will be only emergency transfers between hospitals, but 999 calls will still be covered.

## "The bald fact is, we had 125,000 replies from one ad in Radio Times; 50,000 more than we expected."

Peter Brown, Marketing Director, Louis Marx and Company Limited.

"The product in question was Playpeople. Which, in case you're not a parent, is (or are) small, articulated figures, with interchangeable parts. Truth is, they're immensely successful all over the world. In 1977 they were voted Toy of the Year."

"Yet advertising them isn't simple. The reason is, on their own, they're just another toy."

"It's the child who makes them come alive; he improvises, he imagines, he invents. And though we've a huge range, from cowboys to firemen, from nurses to patients, their real world is entirely in the child's mind."

"Of course, that's their magic. But how can a child know they're magic if he hasn't got one? Our advertising agency, Norman, Craig and Kummel Limited (having diligently researched the problem) came up with the answer: 'Give them away,' they said."

"Let parents see how keen their children are, and they'll do the rest."

"A free sample, of course, meant a press campaign. So, on their advice, we took a single (carefully contrived) black and white whole page ad in Radio Times."

"The king of the Playpeople spoke out to parents: 'He offered a free Playperson for the price of postage and packing.'"

"And bingo, a population explosion. We had hoped for 75,000 replies. We got 125,000."

"That meant 7% of our target audience took the trouble to reply. (We were aiming by the way, at those readers of Radio Times who are mothers of children up to fifteen.)"

"In any terms it was a huge response. It says a lot for our product."

"It says a lot for our agency."

"And it's not exactly mute about the power of Radio Times."



This advertisement is one of an occasional series of case histories from Radio Times. For further information contact Head of Advertisement Department, BBC Publications, 35 Marylebone High Street, London W1M 4AA. Telephone: 01-563 4535.

## Tighter control of degree courses urged

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

PLANS TO tighten control over degree-level courses, costing more than £400m. a year in England and Wales were published by the Government yesterday.

The proposals — from a 27-strong committee headed by Mr. Gordon Oakes, Education Minister — cover higher education provided by polytechnics and colleges run by local authorities.

Since these institutions are attended by students from other areas, their cost is "pooled," met partly by local authorities which have no managerial discretion over courses.

The Oakes Report aims to replace the loose pooling

arrangement by a national body of 25 to 30 people, with supervisory powers over most expenditure — and to a lesser extent over the subject "mix" — of non-university education.

A top limit would be set on each year's recurrent spending on courses. This would be done through the new national body, which would advise the Education Secretary on the total non-university provision required.

At first, 95 per cent. of the expenditure would be contributed through a revised pooling arrangement, involving local authorities with the remaining 5 per cent. being contributed by the authority in whose area the

educational institution was. In the second year of the scheme, the "home" local authority would contribute 10 per cent., and after that, a maximum of 15 per cent., with the remaining 85 per cent. provided through the national scheme.

The plan also proposes closer coordination of local authority on the new body. While other minorities would be nominated by the main union concerned and the polytechnic directors' committee, the strongest contingents would be appointed by the Government (which would also nominate the chairman), and local authority associations.

Although the scheme does not

grant the 36 polytechnics independence from local authority control, it includes a provision which an authority running a polytechnic can volunteer to have it taken over by the national body, which would be empowered to employ its staff.

The plan also proposes closer coordination of local authority higher education with that provided by universities, both through national consultations and through a system of nine revamped — regional advisory councils.

Reports of the Working Group on the Management of Higher Education in the Maintained Sector — Cmd 7130, S.O., £1.35.

## City staff cost more to house

IT COSTS more than £20 a week in rates alone to pay for every City of London office employee, according to the latest City rent and rates survey by the surveyors Debenham Tewson and Chinnocks, writes John Brennan.

The survey shows that rising City office rents in the last 18 months have reduced the proportionate rate charge for employees. But, at an average modern office rent of £15 a square foot, it now costs £1,800 a year to house a single member of staff in the City, and a further £1,000 a year in rates.

In the West End, overall costs per employee for prime office space run to £1,700 a year, £1,200 rent and £500 a year in rates. In Victoria, the figures are about the same, with rent per employee of £1,200 and rates of £475 a year.

## Thatcher hopes for straight Tory victory

MRS. MARGARET THATCHER, Opposition leader, said yesterday that she hoped the Conservative election result would be reflected in Britain's next General Election.

She told party workers at Southampton: "I would settle for the kind of result they had in France, with about a 90 majority. We want a straight Conservative victory, so that we can have clear government for the next five years and people know exactly where they are going."

Mrs. Thatcher said she thought Mr. Callaghan and the Liberals had a common interest in not going to the electorate because they were frightened of losing.

## Tesco to develop hypermarket

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

TESCO has been chosen to develop the first hypermarket in the south of England, behind Wembley Stadium.

The 40-acre site will also become the home of a freight centre in a £10m. development plan.

Tesco, advised by James Leslie and Co., London agents, bid originally for development of the site in partnership with the Bernard Sunley Investment Trust. But Sunley has been dropped by British Rail in favour of Kyle Stewart, Wembley developer, which is to create a 500,000 sq. ft. storage, transport and parking complex on 30 acres of the former leisure works.

The freight depot development forms part of the Greater London Council's strategic transport plan for central London and has the support of British Rail.

The depot and the 100,000 square foot hypermarket, which will have parking space for 1,000 cars, aimed at a selective detailed planning permission from Brent Borough Council.

Phillips held a sale of watercolours totalling £31,785. Mass paid £2,000 for an 1856 pencil and chalk drawing by Dante Gabriel Rossetti of "Ellen" in 1897 it sold at Christie's for £2,100. A water colour, "Sweet Summer Time," by George Goodwin Kilburne, sold to Wood for £3,000.

## Miniature fetches £5,500

A SOTHEBY'S auction of miniatures yesterday totalled £87,733 with a highest price of £5,500 (plus the 10 per cent. buyers premium) for a miniature of James I by Nicholas Hilliard.

Eight years ago it sold at auction for £1,500. The same price of £5,500 secured for Mrs. du Pont a miniature of Benjamin Franklin by Joseph Gaye. It is a copy of the original portrait of Franklin by Greuze which Mrs. du Pont also owns.

Other top prices were £3,000 for a John Smart miniature of a young lady and £2,000 for a framed group of some early 19th-century Italian miniatures. Leggett, bidding on behalf of the National Portrait Gallery, paid £180 for a miniature of Johann Cramer.

A Derby botanical part dessert service, each piece painted in the manner of John Brown with specimen flowers named on the reverse, realised £2,800 in a sale of English porcelain at Christie's yesterday. It was the top price in a sale which totalled £35,160.

Springfield, the Halifax dealer, paid £1,500 for a Worcester pair of tea and coffee service, each piece transfer-printed in lilac

after Robert Hancock. Bowden, from London, paid £1,100 for a rare Rockingham figure of a swan and Sewell paid £1,050 for a Ridgway part dessert service, the centre painted with a bouquet of flowers on a brown ground. A pair of Worcester apricot-ground, flared flower-pots went to Graham and Orley for £950.

A two-session sale of Roman oil lamps and antiquities from Egypt, also at Christie's, raised a total of £38,895.

An anonymous bidder paid £1,100 for an Egyptian Middle Kingdom wood figure of a man, standing with his arms by his sides and Mansour the London dealer, paid £800 for a large Grasseo-Egyptian terra-cotta figure of Isis-Anubis. 20th. high.

A Romano-Egyptian limestone head of a young man crowned with a laurel wreath, dating from about 300 A.D., sold for about 300. The Bath dealer, paid £450 for the head

from 11 Alexandrian terra-cotta female figures, each illustrating a different feminine coiffure, dating from about 1 B.C.-A.D.

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## SALEROOM BY ANTONY THORNCROFT

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## Ever Ready price rise cut to 2%

EVER READY was banned yesterday from putting the price of its dry batteries up by more than 2 per cent.

The order by Mr. Roy Mottersley, Prices Secretary, is the first of its kind under powers created by the 1977 Price Commission Act.

The company wanted an average price rise of 7 per cent., but the Price Commission recommended restricting the increase to a maximum of 2 per cent. until August 30.



# Leyland engineering division profit only 75% of target

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE HIGH-FLYING performance of Leyland's specialist engineering division, SP Industries, last year was only 75 per cent. of what was planned while sales were marginally below budget.

SPI, Britain's eighth-largest engineering business, achieved a profit of £188.7m. against the £245m target while profit before interest was £12.5m, compared with the £16.2m budget.

The surprisingly large shortfall in profits suggests that a more conservative approach in drawing up the accounts has been taken for the arrival of Mr. Michael Edwards as Leyland's new chairman, particularly as SPI was only marginally short of its targets at a nine-month stage.

In giving details of the 1977 performance to the employees yesterday, Mr. David Abell, SPI managing director, said the shortfall was largely attributable to a decreasing value of sterling in the latter half of the year, a number of "highly damaging industrial disputes" in the summer, and depressed market conditions for certain of the company's products.



Mr. Michael Edwards, chairman of British Leyland, speaking yesterday at the opening of the £7.5m. computerised diesel engine testing facility in Lancashire. On the left is Mr. David Abell, Leyland executive vice-chairman, and on the right, Mr. Des Pitcher, managing director of Leyland's bus and truck division.

**Problem**

SPI is budgeting for sales of £61m this year but expects the squeeze of profit margins to continue so that the projected profit before interest is £17m.

The group continued with its savings programme, capital approvals rose 29 per cent. to £22m, and actual capital expenditure was up 57 per cent. to £15.1m.

The expected totals for 1978 are £245m. of capital approvals and £230.2m. actual spending. Interest paid last year jumped from £2.6m. to £4.8m. Negative cash flow soared from £7m. to £25m., reflecting a bulge of stocks in the two divisions, partly hit by trading conditions—refrigeration equipment, and the commercial refrigeration business—as well as the £8m. spent on the acquisition of the Conveyancer truck concern from Rothery.

The purchase of Conveyancer also helped lift the number of employees from 12,800 to 13,500, further increasing the 400 projected for 1978.

The industrial problem cost

SPI about £20m. in last sales last year because they occurred in the divisions where demand was buoyant—Covington, the forklift trucks business, and Alvis, the military vehicles offshoot.

## Equipment

The rise in the value of sterling particularly hit the construction equipment division which includes Aveling-Barford, Aveling Marshall Goodwin Borsby, and Barfords of Bolton, and exports more than half its output by value.

While construction equipment sales remained relatively high—£51.9m. against the £41.5m. target—margins were squeezed savagely. Another difficult year is forecast. But so far, the division has maintained full-time working.

Prestcold actually went on to a four-day working week for a month but is now also back to a full five days. Indications here are that, after a sticky first half, demand should pick up in the second.

Among the good performers, Alvis, after a recent internal

# New investment 'will cut costs by 40%'

BY TERRY DODDsworth

MR. DES PITCHER, managing director of Leyland Vehicles, British Leyland's truck and bus manufacturing operation, said yesterday that investment in a new assembly hall for the group's new vehicles would reduce the average work content in a truck by 50 per cent., and cut material holding costs by 40 per cent.

"This would make the company competitive with any other European truckmaker, and give it the opportunity to increase the productivity of those workers 'associated with productivity increases'."

Mr. Pitcher, speaking at the opening of a new £7.5m. engineering facility at Leyland, Lancashire, said that Leyland, which made a profit of £26.8m. last year, did not like the technique of ensuring productivity by hiring per man, taking into account the wages of the man and the capital applied to aid his bow.

"We find that, with a number of our successful European counterparts, the number of men needed to make a similar truck is 20 per cent. higher than Leyland."

"We find with others that, when the figures are better, it is because the capital spent is 10 times higher than ours."

"We are committed to in-house component manufacturing, and, in line with other major European truck-makers, we have to pursue that policy to maintain overall profit margins and to get the best returns on investments."

This meant that the company would reduce its engine production to two separate families and mainly produce its own transmissions.

The group is being reorganised, so that heavy vehicle manufacturing is concentrated at Leyland, medium and light in Scotland, off-road vehicles at the old Scannell plant, Watford, overseas bus chassis at Wolverhampton, and passenger vehicles at Southall.

The company is also launching two further variations of the standard Leyland national single-decker bus.

It would shortly be taking over responsibility for its overseas marketing and manufacturing facilities from Leyland International.

# Disputes at suppliers hit results, says Edwardes

BRITISH LEYLAND profit before interest and tax was £58.7m. last year after charging amortisation and depreciation of £82.2m., said Mr. Michael Edwards, British Leyland chairman, said yesterday.

Profit before tax was £31m., after interest charges of £33.6m. The increased interest charges reflected higher borrowings in 1977, said Mr. Edwards, during the year the company saw down long-term loans of £50m. from the NEB at interest rates varying between 13½ per cent. and 16½ per cent., £100m. in the first quarter and a further £50m. in September.

The tax charge of £8.1m. related mainly to profits earned in overseas subsidiaries.

Mr. Edwards said that profit before tax of £31m. was made of a profit of £26.8m. from truck and bus products, and a profit of £4.2m. from other automotive products, offset by a loss of £1.8m. from cars and light commercial vehicles. The results, said, should be judged against the background of the serious internal and external disputes experienced in 1977.

Extraordinary provisions of £4m. had been made. These related to the intention to close the assembly plant in Coventry, to transfer assembly to the TR7 to Coventry and to reduce the scale of certain unprofitable operations in South America and Scandinavia. The results were set of £5.5m. write-off of provisions made in respect of the closure of manufacturing operations in Spain and Italy relating to prior years and longer required.

Results in the second half of 1977, as in the first half, con-

	Year 1977	Year 1976
Sales	£58.7m.	£58.7m.
Operating profit	£58.7m.	£58.7m.
Profit before tax	£31.0m.	£31.0m.
Tax	£8.1m.	£8.1m.
Profit after tax	£22.9m.	£22.9m.
Dividends	£2.0m.	£2.0m.
Reserves	£20.9m.	£20.9m.

tinued to be dominated by the impact of internal and external disputes. In particular, lengthy supplier disputes caused serious damage to the company's operations in the second half of the year. Production, sales and profits were all badly hit.

Work-in-progress inventories became excessive and unbalanced as a result. Consistent good performance would be required to repair the damage caused at home and abroad by the events of 1977. Margins on the company's £854m. of exports came under severe pressure from the continuing effect of the high rate of inflation in the U.K. This was still a cause of concern, said Mr. Edwards.

Mr. Edwards added: "I was appointed chairman in November 1977 and the Board of directors was substantially changed at that time. The lack of profitability in 1977 has caused the Board to review and revise the company's future plans. New plans, including proposals for future financing, which involve an increase in the issued share capital, have been put to and discussed with the NEB. The NEB's report on the plans is now with the Government for consideration and approval."

# Greenwell outlines problems of dollar

By Michael Blandon

THE PROBLEMS of overcoming the weakness of the dollar are underlined in the latest monetary bulletin issued to-day by W. Greenwell stockbrokers.

The point out that, on the view taken by monetarist commentators, "neither a confidence package nor a rise in U.S. interest rates will be sufficient to restore the health of the dollar until the domestic monetary pressures reverse."

The announcement of huge lines of credit, such as the central bank swaps recently arranged, were designed to restore confidence and can force speculators against the currency to run for cover.

But, if the underlying monetary forces continued to be adverse, foreign exchange outflow would resume in due course and bear positions would be re-opened. The actual use of swap facilities then could affect confidence adversely.

Moreover, interest rates in the U.S. rose throughout last year, because of market forces. Excess growth of the monetary base showed that the Federal Reserve had been following rather than leading market forces.

"Evidence that the monetary base is being squeezed will suggest that the domestic monetary forces are reversing. The dollar is unlikely to respond to rising U.S. interest rates until then," say the brokers.

# £13.5m. plan tabled to ease Sumburgh airport congestion

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

PLANS to alleviate the severe congestion at Sumburgh airport, the main point of entry into the Shetland Islands, will be considered by the Shetland Islands Council when it meets in Lerwick on April 24.

A £13.5m. expansion scheme has been tabled by the Civil Aviation Authority, which runs the airport, to increase the parking space on the aprons and improve the buildings.

The council will also discuss a £11m. scheme for a runway strip on one of the most northerly islands, which it owns.

The need to do something about Sumburgh, which is at the southernmost tip of the island, is urgent. Aircraft and helicopters have to queue to get to the very limited parking space. There is inadequate space in the buildings to handle the vast amount of oil-related traffic passing through.

The authority wants a new building to handle passengers on their way to North Sea rigs and a helicopter runway in operation next year. The council is adamant that no work should be undertaken until a start has been made on Unst.

It wants Unst to handle the large number of men and flights heading for the oilfields such as Brent, Heather, Nisidan and Thistle which lie to the north-east.

The oil companies want to develop a small runway strip at Scatsta at a cost of £2.8m. to take out the traffic associated with the oil terminal at nearby Sullom Voe.

The council was less enthusiastic about work at Scatsta, but the whole cost would be paid by the 32 companies in the consortium developing Sullom Voe and it eventually agreed to the logic of the move.

As a result of these two developments, all traffic for Sullom Voe would be direct to Scatsta from Aberdeen and via traffic straight to Unst from Aberdeen. The pressure on Sumburgh would be considerably lightened. It has been estimated that between 100,000 and 150,000 people on oil work use Sumburgh each year.

One problem which has not been completely resolved is that Miller-Plessey, the company developing Unst on lease from the council, is still trying to get firm commitments from the oil companies to put traffic straight through to the island.

If the commitment is obtained the airport would be run by Fairfield Aviation, part of the Hunting group. Loganair already flies in to Unst, and would continue to do so, but it would be joined by Dan Air, which has a large oil-related charter operation.

# Law urged to stop boredom at work

Financial Times Reporter

LEGISLATION designed to help prevent the mental illness that can be caused by boring industrial jobs might have to be enacted before the end of this century, Sir Monty Finniston, former chairman of British Steel, told the Royal Society of Arts yesterday.

Boredom was one aspect of mental health in industry which could lead to sickness and absenteeism at work and to boresomeness and vandalism outside it, said Sir Monty.

It was the job of creative management to remove boredom and this could not be done merely by introducing background music or allowing "neighbourly exchange of gossip." These helped merely to mitigate boredom.

"The important feature is that change of activity is essential to an active mind. It is my view that creative management will use future operators not to do one task with particular repetitive skills but will employ individuals in a single shift or over a given period—day, week or month—to do different classes of work so that the change of activity will eliminate the sense of boredom."

"As an example, in an eight-hour shift, a morning could be spent on the production line and the afternoon on an office assignment. Alternatively, one month could be spent in the factory and the next in the sales force and the next in the laboratory to the particular circumstances."

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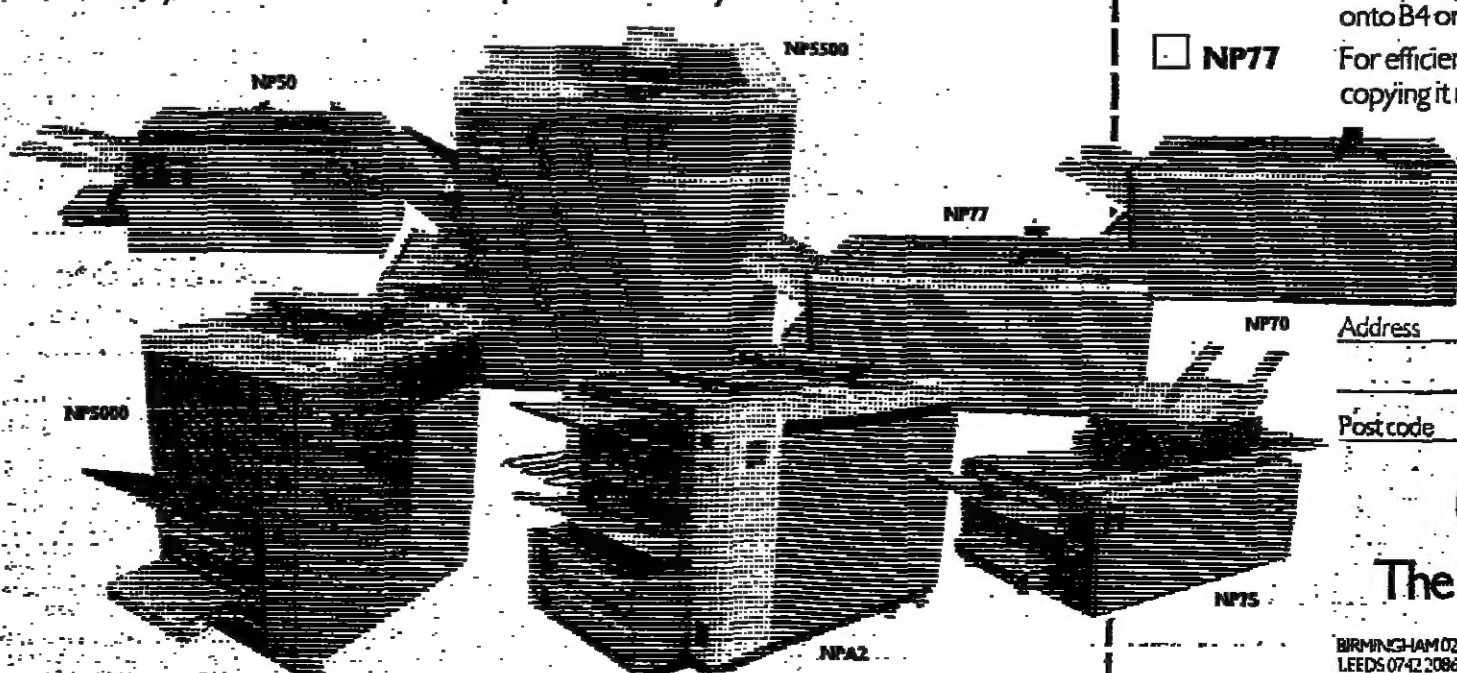
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## PARLIAMENT AND POLITICS

## Soames becomes a Tory life peer

By Richard Evans, Lobby Editor

SIR CHRISTOPHER SOAMES, former U.K. Common Market Commissioner and Sir Peter Rawlinson, a former Attorney General, are among 16 new life peers, named by 10 Downing Street yesterday.

The purpose of the list, the first of its kind recommended by Mr. Callaghan since he became Prime Minister, is to create more active working peers, particularly on the Labour benches.

The choice of Sir Peter Rawlinson, made on the advice of Mr. Thatcher, Conservative leader, means that there will be a by-election in the safe Tory constituency of Epsom. Sir Peter held the seat with a majority of 16,290 at the last general election. His peerage makes it probable that he will become the next Conservative Lord Chancellor.

Sir Christopher's appointment, also made on the recommendation of Mrs. Thatcher, means he has finally given up hope of returning to Westminster as an MP. But he would probably be offered a post in Mrs. Thatcher's Cabinet following a Tory election victory.

Sir Christopher, a son-in-law of Sir Winston Churchill, was MP for Bedford from 1955-66 and Minister of Agriculture from 1960-64 before becoming British Ambassador to France from 1967-72. He then became a European Commissioner for External Affairs for four years.

Two other new peerages, created after consultation with Mrs. Thatcher, are for Sir Arthur Cockfield, former chairman of the Price Commission, and an address to the Conservative Party on taxation policy, and Mr. Aubrey Buxton, director of Anglia Television, who has advised the Tories on communication matters.

A peerage made on Liberal advice goes to Mr. Griffith Evans, President of the Liberal Party, and a member of Merseyside County Council. He is a Birkenhead solicitor.

The other peerages go to Mr. Victor Mheen, a former GLC member and a member of the National Union of Public Employees; Mrs. Nora David, a member of Cambridge County Council; Mr. John Hatch, a former official at Transport House, and now a lecturer; Mr. William Howie, a former Labour MP; Mr. Alexander Donnan, of the General and Municipal Workers' Union; and a former member of the TUC General Council; Mr. Jeremy Hutchinson, formerly Recorder of Bath and a member of the committee on immigration appeals.

Mr. John Leonard, a former member of Cardiff City Council, and lately chairman of South Glamorgan County Council; Mr. Derek Page, a former Labour MP; Mr. Cyril Plant, general secretary of the Inland Revenue Staff Federation until 1976; Mr. William Sefton, member of Merseyside County Council; and Mr. Thomas Taylor, a member of the North West Region Economic Planning Council.

The list was vetted by the Honours Scrutiny Committee and will provide none of the controversy of the last list presented by Sir Harold Wilson on his resignation as Prime Minister.

## U.K. helps to fight oil slick

THERE IS an immediate threat of oil from the wrecked Liberian tanker, Amoco-Cadiz, polluting Britain's coast. Mr. Stanley said in the Commons yesterday.

He told MPs that the Government had agreed to a French request for five spraying vessels. These would help provide protection for the Channel Islands as well as the French coast.

For the Conservatives, Mr. Cecil Parkinson welcomed the decision to offer aid to the French. The incident underlined the need to improve arrangements for shipping safety in the Channel.

Mr. John Prescott (Lab., Hull E.) said there had yet again been a failure of a "flag of convenience" country to observe international conventions.

The Government should call all European countries together to enforce a regional agreement making sure that the standard of competence of crews of such vessels were up to the standards enforced in Britain.

Mr. Davis said there was bound to be an inquiry and it would be wrong to preclude responsibility for the incident. He hoped that a conference of the Inter-Government Maritime Consultative Organisation this summer would deal with standards of certification for seafarers.

**Coal projects approved**  
Financial Times Reporter  
THE National Coal Board has approved projects which will provide about 30m. tons of new capacity. Mr. Alex Eadie, Energy Under Secretary, told the Commons yesterday.

At the beginning of the month, distributed stocks of coal totalled 18,654,000 tons and undistributed stocks totalled 9,839,000 tons. This excluded stocks held in merchants' yards for the domestic market and stocks held by the industrial sector.

## Benn hits at Liberals over electricity Bill

BY IVOR OWEN, PARLIAMENTARY STAFF

BY REFUSING to co-operate with the Government in securing the passage of the necessary legislation, Liberal MPs and the Opposition had denied the electricity supply industry the right to have a corporate strategy and the proper framework for its future development.

Mr. Anthony Wedgwood Benn, Energy Secretary, claimed in the Commons yesterday.

His strictures, delivered in measured but icy tones, were primarily aimed at the Liberals. But his personal frustration over the restrictive terms of the legislative bargain finally reached under the Lib-Lab pact—a shortened Bill will be introduced to-morrow—was underlined in more strident tones by Labour backbenchers.

From both sides of the House, MPs pointed to the deserted Liberal bench, explained later as an unintended rather than deliberate, boycott.

Mr. Benn confirmed that the Bill to be introduced to-morrow would provide compensation payments arising from the ordering of the Drax-B coal fired power station and give effect to an international agreement on safeguards for nuclear material.

Mr. Benn explained that the wider legislation, which he was not now in a position to introduce this session, would be published in the form of a White Paper after the Easter recess. It had included certain provisions with regard to consumers, industrial democracy and a special "open government clause" which, he believed, would win wide support throughout the House.

Despite provocative comments from both sides of the chamber,

Mr. Benn refused to give any detailed account of the objections raised by the Liberals. But he made it clear that any explanation which Mr. David Steel might be willing to offer, after publication of the White Paper, would be welcomed.

Mr. Benn told questioners that ready to conceal his disappointment following the publication of the Ploviden report on the organisation of the electricity supply industry. He was not ready to conceal his disappointment that the industry was being denied a change in organisation which was wanted by both management and unions.

Mr. Benn stressed that in wide discussions, not just with the Liberals, but also with the Conservative Party, he had advocated primary legislation which would have allowed the organisational framework to be emerged through the use of statutory instruments as and when changes were needed.

Mr. Tom King, shadow energy secretary, said there had been a tragic outcome to a seriously mismanaged situation. So far as the official Opposition was concerned, consultations with the Government had opened far too late to enable such major legislation to proceed in the current Parliamentary session.

Mr. Benn said he felt that it would have been wrong to bring a Bill to the House which had not been subject to the most detailed consultation with the industry itself. Much of the time had been spent on seeking and obtaining a consensus within the industry.

He explained that it was difficult to induce the level of exports because the market for low sulphur content oil, such as that produced by the U.K. was extremely attractive.

Dr. Mabon confirmed that it was hoped that the U.K. would reach self-sufficiency in oil in the calendar year 1980 and that it would be sustained right through the 1980s. Production in excess of U.K. Continental shelf crude oil would be brought ashore during the 20m, 30m, or even 40m tonnes a year.

This compared with about 18m tonnes during the previous six months.

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Dr. Mabon told Mr. Tom Litterick (Lab., Birmingham Selly Oak) that nearly 21m. tonnes of U.K. Continental shelf crude oil would be brought ashore during the 20m, 30m, or even 40m tonnes a year.

Over the last 12 months, around 58 per cent of North Sea production had been refined within the U.K. as against the two-thirds target set by the Government.

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## Mabon hopes for more U.K. oil refining

BY IVOR OWEN

THE GOVERNMENT wants to see a bigger proportion of North Sea oil refined in the United Kingdom, Dr. Dickson Mabon, Minister of State for Energy, told the Commons yesterday.

Over the last 12 months, around 58 per cent of North Sea production had been refined within the U.K. as against the two-thirds target set by the Government.

Dr. Mabon told Mr. Tom Litterick (Lab., Birmingham Selly Oak) that nearly 21m. tonnes of U.K. Continental shelf crude oil would be brought ashore during the 20m, 30m, or even 40m tonnes a year.

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## U.K. will propose dates for EEC poll

By John Hunt, Parliamentary Correspondent

THE British Government will be proposing specific dates for direct elections to the European Parliament to be held in 1979 when EEC Heads of State attend the European Council meeting in Copenhagen on April 7 and 8.

This was announced by Mr. Frank Judd, Minister of State for Foreign Affairs, in reply to Mr. Richard Price, a Tory foreign affairs spokesman.

But according to Mr. Christopher Price (Lab., Lewisham W.), a member of the European Parliament, it was a waste of time fixing a date for direct elections while the Prime Minister threatened to boycott the European Parliament unless a guarantee was given that it would continue to meet in Luxembourg.

In addition, said Mr. Price, there were now plans to erect another expensive building for the Parliament, this time in Brussels.

Mr. Judd assured him that the U.K. Government was determined to avoid any unnecessary extravagance in this respect.

Pressed to speed up negotiations for the entry of Spain, Portugal, and Greece to the Community, the Minister said that Britain's position on enlargement was absolutely clear. We were absolutely in favour of a Community of 12.

Dr. David Owen, Foreign Secretary, had registered British dissatisfaction that more progress had not been made for the admission of Portugal and Spain, he said.

In the case of Greece, Britain was determined that the preliminary work should be completed within months and hoped that a negotiating position would be reached towards the end of the year.

Legislation promised on Agents

LEGISLATION to make the Crown Agents accountable to Parliament will be introduced as soon as possible, Mr. Judith Hack, Minister for Overseas Development, told the Commons yesterday.

Asked by Mr. Richard Luce (C., Shoreham) if the Government expected that further sums of public money would be needed to meet the Crown Agents' losses, Mr. Hack replied: "The deficit remaining after £50m. grant, which we propose to make this financial year, relates almost entirely to the Crown Agents' Australian property holdings."

"Whether further sums will be required will not be known until the financial results of the Crown Agents' disengagement from those investments are clear."

Further supplements for working unsocial hours, duties spread over a period longer than the normal eight-hour shift and receipt of bonuses could, with overtime, bring average weekly earnings for conductors up to £81 and for drivers operating one-man buses, £102.

The agreement, which will date from April 1, will give 10 per cent on the basic rate of the weekly wage and a further 10 per cent of the normal allowances.

Conductors' average earnings will rise from £91 to £100, drivers from £93 to £102 and one-man bus drivers from £102 to £112. Some drivers and conductors already take home more than £100 a week.

Foreman halts production of Mini

PRODUCTION of the Mini at Longbridge, Birmingham, was halted last night after a dispute over the activities of a foreman. Shop stewards claimed he overstepped his responsibilities by performing a production task.

Workers at a Wolverhampton factory which is to be closed threatened to weld doors to stop vital equipment being delivered to British Leyland. More than 70 workers have been issued with redundancy notices, expiring in June, at the toolmaking plant of Leyland Engineering, which is to close because of lack of orders.

A meeting yesterday of some employees heard a claim that the company had turned down £4m. worth of orders in the last year and that the division to be closed had made a profit.

Panel's 'open' justice call

AN ex-civil servant, who is bringing a discrimination complaint against the Science Research Council because it did not select her for potential promotion, was entitled to inspect confidential reports on two colleagues selected, the Employment Appeal Tribunal decided yesterday.

The tribunal held that disclosure of the reports was necessary so that an industrial tribunal investigating Mrs. Joan Nasse's claim could do justice to both sides.

Mr. Justice Bristow, chairman, said: "It is axiomatic in English law that you do justice between the parties to disputes in civil courts by playing the hand with the documents face up on the table, not by holding the cards against your chest."

Mrs. Nasse, of Iwer, Bucks, alleges that, in not being selected for a promotion panel interview, she was penalised for taking part in union activities and was a victim of sex discrimination. Two other clerical officers at the Science Research Council—a man and a woman—were selected.

Disclosure

The council disclosed Mrs. Nasse's own confidential report, but resisted her bid to see reports on her colleagues, maintaining that such disclosure could be misused by an employee going on a "fishing expedition."

But the tribunal dismissed the council's appeal against an industrial tribunal order allowing Mrs. Nasse to have "discovery" of the reports and take copies before the hearing of her complaint.

Mr. Justice Bristow, sitting with two judges from both sides of industry, said that information obtained in this way for legal proceedings must only be used for those proceedings.

"Anyone abusing the process successfully,"

of discovery by using the information so obtained other than for the purpose of the proceedings would be in contempt and be liable to the drastic consequences which that involves."

There was no suggestion that Mrs. Nasse was contemplating any such abuse.

The tribunal also confirmed that Mrs. Nasse was entitled to see review board minutes relating to the recommended promotion of her two colleagues and the decision not to select her.

Since her complaint arose, Mrs. Nasse has obtained another job.

The Civil and Public Services Association, which backed Mrs. Nasse, said after yesterday's ruling: "It means that union activists would feel they have been discriminated against, will have an opportunity to see their annual reports—something we have not quite got so far."

The union has been campaigning recently for more open staff reporting in the Civil Service, but has been only partially successful.

## LABOUR NEWS

## Scargill's claim of more pit deaths 'misleading'

BY ALAN PIKE, LABOUR CORRESPONDENT

CLAIMS by Mr. Arthur Scargill, Yorkshire miners' president, that the introduction of pit incentive schemes has led to an increase in fatal accidents were "depreciated" and described as misleading by the National Coal Board yesterday.

Mr. Scargill, who made the alleged threat to safety standards a leading factor in his recent unsuccessful campaign against incentive schemes, told the National Union of Mineworkers Yorkshire area council that in the 1976-77 NCB fiscal year there had been 38 deaths by the end of February.

In the corresponding part of the current fiscal year, there had been 43.

"In the calendar year, the death rate for the first two months of 1977 was three. In the first two months of 1978, there have already been eight deaths. This represents a 166 per cent increase over the same period last year."

"Although a two-month period,

is not long enough to give a firm assessment. It is nevertheless an indication of the trend when compared with the Coal Board's fiscal year which has already shown an actual increase."

Serious accidents, Mr. Scargill said, had also risen from 58 in 1976-77 to 67 in 1977-78 in January and February of this year.

An analysis of fatal accidents in the current fiscal year showed that it was those on haulage and transport systems which had increased.

"Other fatal accidents—including those on the coalface—have decreased this year."

Elsewhere in his speech, Mr. Scargill declared that the fight to reverse the decision on incentive schemes must be intensified.

He also described the constitution of the NUM as undemocratic and called for changes to give executive members voting power representative to the strength of their local membership.

Accidents

"I submit that the introduction of the incentive scheme has been responsible for the dramatic increase in deaths and industrial accidents."

The NCB's submission to a statement accusing him of "wrongly attributing an increase in accidents in the coal industry to the incentive scheme."

There was, the statement went on, "no evidence to support this interpretation of the accident statistics."

According to the Board, only

one of the eight fatal accidents in January and February occurred on a coalface during a production shift. This involved an official killed by a roof fall. It was, said the Board, misleading to have comparisons on a year's figures, particularly one year's figures, when the 1976-77 was exceptionally low in accidents even when viewed against a long-term downward trend.

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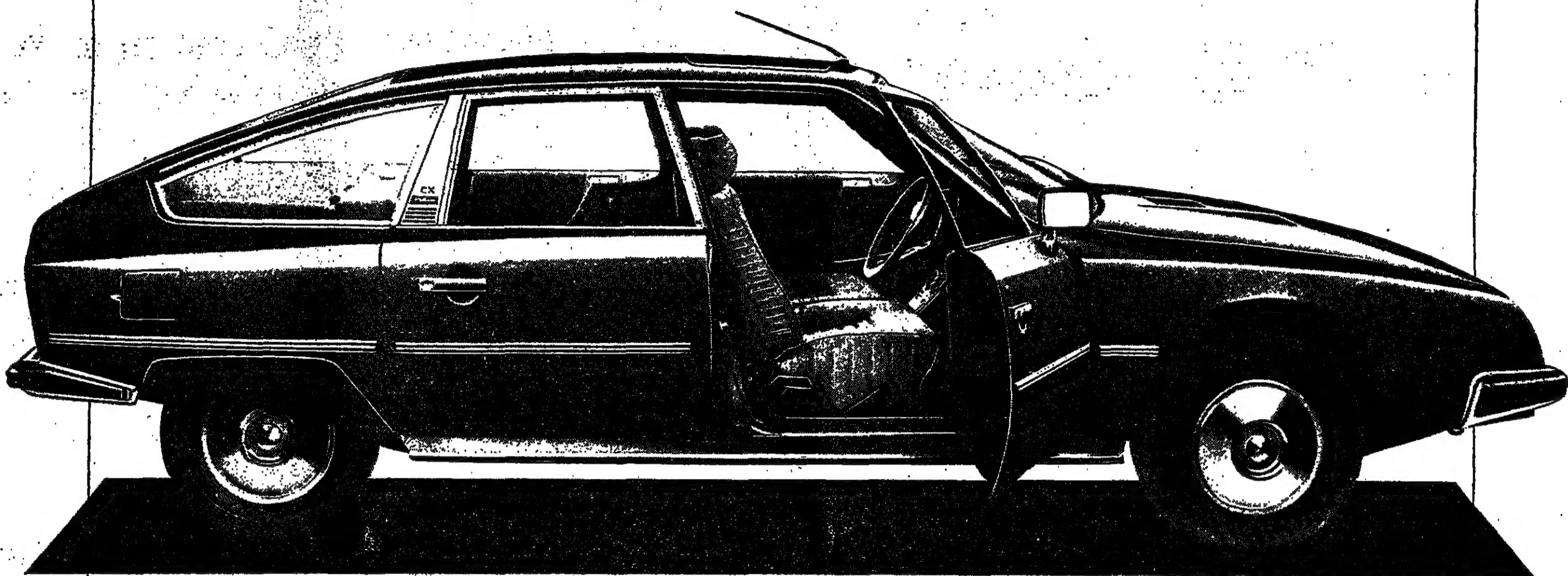
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Accidents



# CITROËN CX. A NICE PLACE TO GO HOME IN.



Illustrated CX 2400 Pallas with optional sun roof.

In a life increasingly dominated by schedules, deadlines, traffic jams, parking restrictions and general bureaucratic insanity, the Citroën CX brings a welcome release from the pressures of the day.

Its seats are as inviting as your favourite armchair, hugging as if moulded to the very shape of your body. Their design gives excellent back and leg support. However long the journey, driver and passengers are comfortable and arrive relaxed without feeling any need to stretch their legs or flex their muscles.

#### SMOOTH.

Whatever price you pay for a car you will not buy a suspension superior to Citroën's unique hydropneumatic system. It keeps the car perfectly level however much you load it. The ride in a CX remains delightfully smooth all the way home with the hydropneumatic suspension absorbing any unexpected road shocks.

A bonus to all this is the comforting knowledge that if you had a blowout on the motorway Citroën's hydropneumatic suspension would automatically adjust to maintain directional stability and keep the car safely under control.

Further reassurance is provided by Citroën's VariPower steering. It prevents wheels being deflected by road surface irregularities and grows progressively firmer with increasing speed so that the driver always remains in complete control.

At low speeds and for parking, the steering is fingerlight, and power returns to a straight line position immediately the steering wheel is released. No other car has a steering which can match it.

#### QUIET.

Quietness is yet another feature of the CX, due principally to the aerodynamic styling which reduces wind noise by allowing the wind to sweep over, under and around the car. A high level of sound insulation makes a further contribution to quietness in the CX by reducing road noise.

It also bears mentioning that the wind cheating aerodynamic lines of the CX result in improved performance and reduced fuel consumption with the CX Pallas returning a pleasantly surprising 39mpg at a constant 56mph. A further benefit of aerodynamic design is demonstrated by the increased stability of the car at high speeds.

As you'd expect, the fittings on such a car leave little to be desired. All considered, an extremely nice place to be. In a sea of chaos, an island of calm.

CX comfort starts at £4636.71

for the CX 2000. The range extends up to the luxurious, longer wheelbase CX Prestige Injection C-matic at £8640.45 and offers a choice of engines (carburettor or fuel injection) and manual or C-matic transmission. All CX models have recommended service intervals of 10,000 miles and have a 12 months' guarantee. The suspension is guaranteed for 2 years (max: 65,000 miles).

Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68.04 (inc. VAT). Prices are correct at time of going to press.

Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Finance scheme. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Telephone: Slough 23808.

A selection of the 16 models in the CX range.

Model.	Top speed.	Price.
CX 2000	109mph	£4636.71
CX 2400 Super (5 speed)	112mph	£5427.63
CX 2400 Pallas Injection (C-matic)	112mph	£6597.63
CX 2400 GTi (5 speed, Injection)	118mph	£6580.08
CX 2400 Safari Estate	109mph	£5575.05
CX 2400 Familiale	109mph	£5678.01
CX Prestige Injection (C-matic)	112mph	£8640.45

## CITROËN CX. A WORLD OF COMFORT.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Novel design of mobile radio

ABILITY TO be "unfolded" while in operation is the main characteristic of a vhf mobile radio by Marconi Communication Systems, which is the first to be approved to the new Home Office standard MPT 1302.

Construction of the equipment is such that the complete transceiver is mounted on seven printed circuit boards connected by flexible plug-in strip circuits. The receiver can thus be removed from the case and laid out flat in an operational state, giving complete accessibility for maintenance. And this procedure can be carried out without a soldering iron.

According to user requirements, several facilities may be built into the unit, which Marconi calls the RC680. These can include continuous tone coded signalling, Select status, vehicle identification and transmit duration limiter. Single channel and 12-channel versions are available.

All functions on the control panel are illuminated from the rear and solid-state lamps with light tubes provide wide angle visibility without glare in low light conditions.

Marconi House, Chelmsford CM1 1PL, 0245 53221, for further details.

### Safe stamp for radio

FIRST two-way personal radio-telephone to receive the BASEFA certificate of approval to SFA 3012 is the intrinsically safe Pocketone just released by Pys.

This standard for use in hazardous atmospheres is much more stringent than BS1259 of 1958 and it considers, for the first time, the auto-ignition risk presented by excessive component surface temperature. The new standard was drafted to bring intrinsic safety requirements into line with IEC groups and is much more demanding, where there could be a risk from than equivalent outside the U.K.

Not surprisingly, the new Pocketone has internal construction and circuitry to maintain

### More than just a pager

SUITABLE for on-site and wide area operations, Multitone's new digital pager has a visual numerical display and a range of eight distinctive tone code calls. It can be used in systems of up to 10 as many as 100,000 and up to four pagers can be called per second.

The RB 151 can operate in two modes. In the first, the digital display reinforces the tone codes numerical display and a range of eight distinctive tone code calls. In the second, the display would show a number from one to eight, each number being associated with a

particular tone signal. Alternatively, the display can be made to show any number up to 9999 as a sequence of single digits to inform the called person of the telephone number to ring, or other numerical information such as a room number. The tone codes would then carry additional information such as degree of urgency.

Obviously, codes and display digits can be combined to suit whatever the user needs and Multitone says its new design will convey more information in a simple way than anything else available.

An interesting possibility is that of using the receiver as one of a predetermined team to be called simultaneously in an emergency—in a hospital or a large manufacturing plant, for instance. One of the call codes would then be designated as the group emergency call.

Multitone has used the latest available integrated circuits to obtain this performance and has designed an intrinsically safe version too.

Multitone Electric Company, 6 Underwood Street, London N1 7NJ. 01-253 7611.

## MATERIALS

### Glass will take on any hue

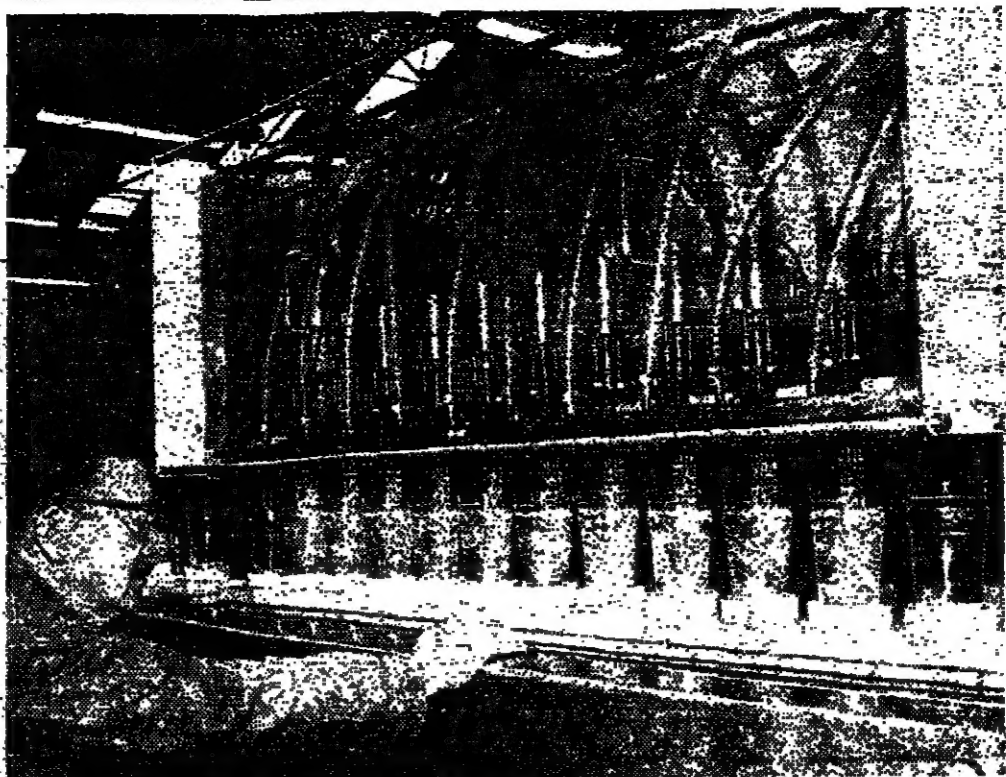
CORNING has developed a family of glasses that reproduce colours much like photographic film and they may be the first photographic medium having true colour permanence. But so far, they are not suitable for reproduction of continuous tone photographs.

Colour patterns can be imposed in a transparent glass or in an opaque glass, or the same glass can have both transparent and opaque coloured sections. The patterns may be developed in a thin layer or in thick sections through the bulk of the glass.

The colour versatility of the new glass will permit a single glass to take the place of many different ones in such products as sunglasses, stained glass, decorative architectural glass and tableware.

Processing of the glass requires two exposures, each to ultraviolet light and heat. The first light exposure can be performed at room temperature. The second exposure can be done at room temperature, too, followed by heat treatment at about 430 degrees Centigrade. Or, alternatively, the second light exposure and a heat treatment at about 300 degrees Centigrade can be performed simultaneously. Thus, said the scientists, ordinary film negatives can be used as masks for exposures to the ultraviolet light.

More details from Sovirel SA, 90 rue Baudin, 92306 Levallois-Perret, France.



This Bexta Modul machine has been devised to dispense exact pints of water into ten beer glasses at a time at Ravenhead Glassworks, St. Helens, Lancs. It is part of the verifying system used there before the Customs and Excise stamp is applied. Glasses are placed in an upright position on a conveyor which carries them to the machine. When sensors indicate that there

is a glass under each filling head, the precise volume of water required is automatically dispensed into each glass. The ten glasses are then indexed forward, checked for headspace, and then moved on to a tipping station where they are emptied and automatically transferred onto a conveyor which carries them through a drying oven. From there they move through a machine which applies the Customs and Excise stamp.

## DATA PROCESSING

### Growing influence of IBM

CHALLENGE OF IBM equipment, not just to the rest of the world's computer manufacturing industry, but to the support policies of the governments of the countries in which there is a computing industry, was amply documented at a recent three-day Infotech Conference in London.

This gathered together many of the world's most experienced IBM watchers, as well as a 600-strong audience, the majority from large users or competitors.

The mainframe specialists present seemed to be in agreement that IBM's processor manufacturing costs were so low as to "turn IBM into an operation almost 'licensed to print money'". It was best put by a competitor, S. J. Ippolito, president of IPL Systems, which makes the Omega 480 line of plug-compatible computers sold in the U.S. by Control Data. He stated that IBM's CPU product cost was typically about 10 per cent. of selling price and "that it is not an important consideration in setting prices."

Gideon Gartner who heads the technology analysis effort of Oppenheimer and Co. in New York, himself an ex-IBM man,

estimated that as deliveries of current large IBM systems (the 3033), build up and direct sales increase, IBM worldwide will do \$7.8bn. in outright sales in 1979, a number he regarded as so totally exaggerated that he promptly took off \$1.8bn. from his estimate.

Other observers said he had not exceeded possibilities since total computer purchases from IBM last year accounted for \$4.3bn, before the injection of purchases for the 3033 series. IBM estimates over the three years 1979 to 1980 for the series are believed to indicate that the Corporation will sell/lease some 8,000 systems and that about 40 per cent. of those sales will be outside the U.S.

This leads to the conclusion that IBM hardware sales worldwide could be between \$8bn. and \$10bn. by 1980, which could well create a new environment for IBM's competition and new headaches for governments in search of support policies.

And yet, the 3033, the large machine in the current series was, according to Charles Lech, president of the New York software and systems house ACT, rushed to market in a two-year

## ELECTRONICS

### Motor speed regulators

THYRISTOR motor speed regulators which provide effective speed control of dc shunt wound motors from fractional to 275 hp have been launched.

Modular "S" series is aimed at ease of maintenance. Basic converter modules can be incorporated into a standard 19-inch rack mounting, and can be offered as chassis-mounting types for customers to incorporate within their own control panels.

Compared with previous types, the new models have been reduced in size by almost 2/3rds. This reduction, together with new automated production techniques, have enabled the company to reduce the basic price of the speed regulators by as much as 30 per cent.

An example of the compactness of the design is shown in



the 450 hp unit which, complete with forward and reverse converters and regenerative braking, is housed in a cubicle only 53 inches high by 25 inches wide by 22 inches deep.

A test run changeover switch has been incorporated into each model for easier fault-finding. Checks can be carried out on the main fuses and thyristor devices, enabling an operator to detect whether a fault has occurred in the main power circuitry or on the amplifier feedback circuitry.

Allen Bennett, Omneave Ltd, Sheffield S13 9NR, 0742 60321.

## TEXTILES

### Improves carding process

BEFORE fibres can be spun into yarn it is necessary to open them into slivers. Basically, all carding, and unless the carding is good all subsequent processing will be wasted.

Now a new British card, the ME3DU, is being exhibited at ATME in Chicago.

The ME3DU tandem card is particularly suitable for spinning fine counts and it is also being used for producing a good clean open-end spinning.

Crosol claims that with the new machine not only is carding improved, but that compared with high production cards, carding costs are less in terms of lb/hour produced and it also offers savings in floor space.

## COMPONENTS

### Cuts waste of materials

DEVELOPED to fulfil a market need for components that would withstand the severe wear caused by processing glass-filled plastics in injection moulding machines,

Brux Bimetallic sleeves and screws are achieving up to six times the life of nitrided components.

Moulded Plastics (Birmingham), of Tamworth, Staffs, processes some 500 tonnes/year of assorted plastics, 25 per cent. of which is glass-filled. Since replacing worn nitrided screws and cylinders with Brux Bimetallics, the company reports it has almost eliminated material scrap, a TI Machine Division company.

and that after considerable use on glass-filled nylon and polycarbonate, there is no measurable wear of the Brux sleeves and screws.

The company has fitted these components on three Stübbe 35 mm units, because it found that after running glass-filled materials, using the older types of screws and sleeves the scrap rate substantially increased when non-reinforced materials were moulded.

The new screws and sleeves were supplied by TI Brooks, Brades Road, Oldbury, West Midlands B69 2PL (021-552 5311).

# SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIAH

## HOUSING MUNICIPALITY

### ANNOUNCEMENT OF AN INTERNATIONAL TENDER FOR THE BUILDING PROJECT OF THE AL-MAHARI AL-JADID HOTEL IN TRIPOLI

The Committee for the Al-Mahari Al-Jadid Hotel building project in Tripoli publicly announces its invitation to international tenderers, national, general and stock companies, as well as international companies having hotel construction expertise in building 4 or more star hotels—and this shall be in accordance with the following terms:

1. The general conditions, specifications and drawings related to the project shall be obtained from the Headquarters of the Committee for the Al-Mahari Al-Jadid Hotel at the Housing Municipality in Tripoli for the sum of 500 (five hundred) Libyan Dinars only, which shall be paid into the public funds at the offices of the Treasury in Tripoli.
2. The tender shall be in two parts:
  - a) Construction and machinery
  - b) Furnishings and equipment.
 The tender shall be offered for either one or both parts.
3. The company offering the tender shall send with its tender a valid detailing its previous experience in such works, carried out either in the Libyan Jamahiriah or outside it.
4. The international companies participating in this tender must be represented by Public Agencies or Authorities from the National Sector or Companies of the Public Sector.
 

An address at which the tenderer can be contacted shall be given and the contents of any correspondence with him shall be considered valid. In the event that the tenderer is an agent, he shall enclose with his tender a certified Power of Attorney from his Organisation, together with a listing of the rights and limitations of his agency; the names of the persons directly responsible for the execution of the terms of the Contract; the payments made and the receipts received and signed by the Company, as well as specimen of signatures put to copies of both the Contract and the Power of Attorney.

5. An official copy of the Company's Contract of Establishment and Articles of Association shall be enclosed with the tender. These documents must meet all requirements and procedures stipulated by Law and the By-Laws.
6. A tenderer shall, by means of a Declaration to be enclosed with the tender, be bound to adhere to the terms of the Israeli Boycott, and in the event of violation of the Declaration the Committee shall have the right to cancel the Contract by sending a registered letter of cancellation. The tenderer shall be without right to demand compensation.
7. If the tenderer has previously carried out works in the Jamahiriah, the tenderer shall produce a certificate of taxes due to the Tax Authorities.
8. An initial deposit of the sum of 100,000 (one hundred thousand) Libyan Dinars shall be enclosed with the tender. This deposit shall be valid for a period of six months from the date of the opening of the envelopes, and shall be presented in one of the following forms:
  - a) A bank draft certified by one of the banks operating in the Jamahiriah
  - b) A letter of guarantee issued by one of the banks operating in the Jamahiriah—guaranteeing that the contractor shall maintain the same prices of his tender for a period of six months from the date of the opening of the envelopes.
9. In the event that the chosen tenderer does not sign the said Contract within two weeks of the date of his being notified officially of the acceptance of his tender, the deposit shall be retained.
10. Tenders shall be presented to the Committee for the Al-Mahari Al-Jadid Hotel at its Headquarters in the Housing Municipality in Tripoli on a Tender Form stamped

by the Municipality and signed by the Chairman of the Committee. The tender shall be handed into the Committee Treasurer, and a receipt shall be given in return. The tender shall be in a sealed envelope, sealed with red wax, and on it shall be written: Enclosed is the Tender for the Al-Mahari Al-Jadid Hotel Project.

11. The final date of acceptance of tenders shall be the 30th April 1978 and no tender for whatever reason presented thereafter shall be considered.
12. The tenderers may attend the procedure of the opening of the envelopes, which shall be at exactly 11 o'clock on the said date.
13. The accepted tenderer shall, within fifteen days from the date following the date of the letter sent to him by registered post notifying him of the acceptance of his tender, pay a deposit equivalent to 5% (five per cent) of the total value of the works he has been commissioned to do. He may also pay the remainder of the provisional deposit so that it equals the value of the required final payment. The Committee may, by sending a registered letter and without need for taking any further steps, cancel the Contract and retain the provisional deposit.
14. Any international company participating in this tender must be already registered in the Registry of International Contractors at the Housing Municipality in the Jamahiriah and this shall be observed in ample time before the procedure of the opening of the envelopes.
15. The Committee for the Al-Mahari Al-Jadid Hotel Tender shall have the right to either accept or reject any tender offered without giving any reasons for taking either decision.

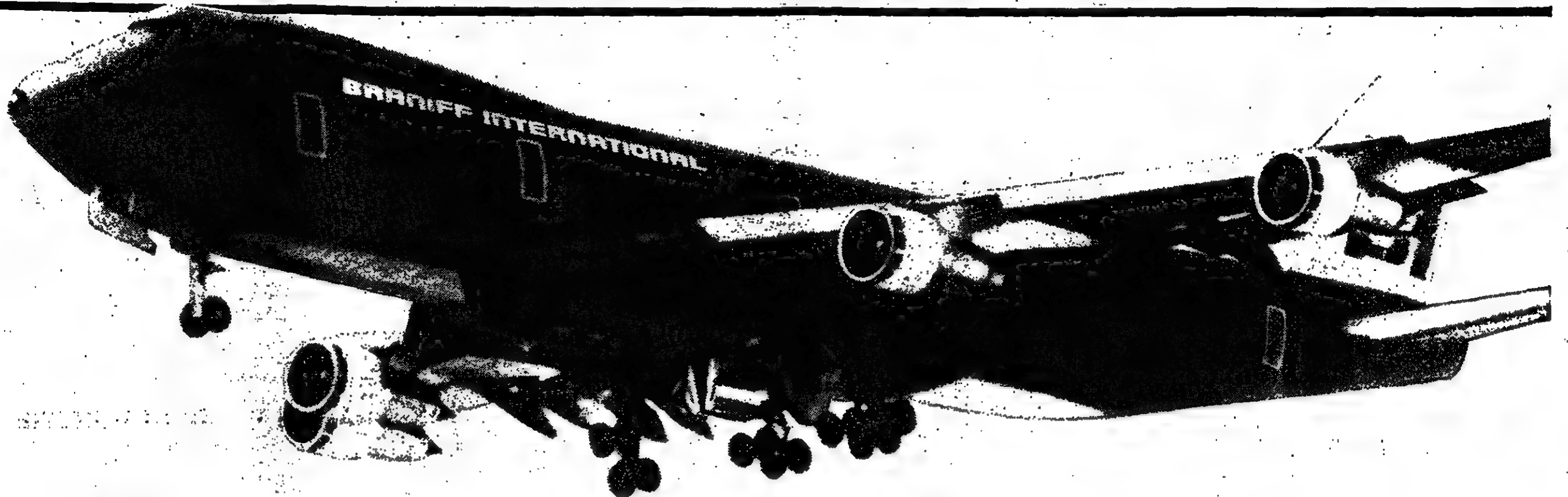
Signed: The Committee for the Al-Mahari Al-Jadid Hotel Tender in Tripoli.

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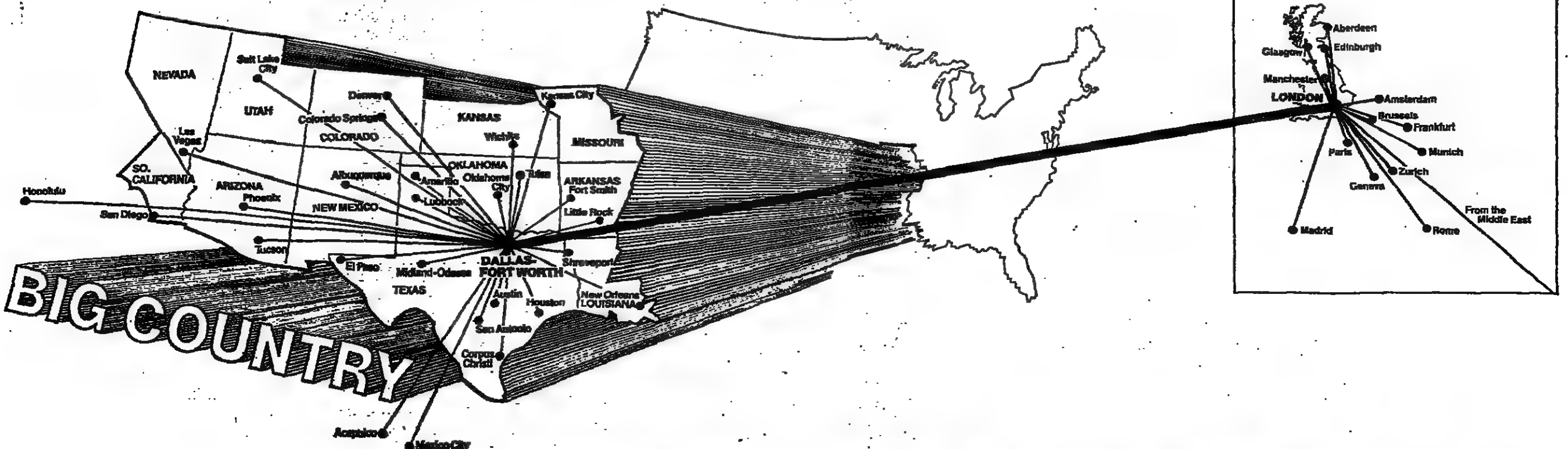
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# The Management Page

EDITED BY CHRISTOPHER LORENZ

CHARLES Tidbury has recently taken over as chairman of Whitbread, the U.K.'s third-largest brewing business with 12 per cent of the total market. At the end of the 70s Whitbread was a small, London-based company but during the next decade it grew rapidly by acquisition, taking 25 other brewing concerns. It remains a Whitbread family-controlled company.

Mr. Tidbury cheerfully volunteers information that "nepotism" brought him into the company. He is married to the daughter of the late Col. William Whitbread, now the president, but who was chairman during the years of rapid expansion.

He next spot of luck, according to Mr. Tidbury, was when he was selected to be personal assistant to Mr. Alex Bennett, who succeeded Col. Whitbread as chairman. Mr. Bennett moved to live in London. Mr. Tidbury moved instead and "I held on to Alex Bennett's tail ever since."

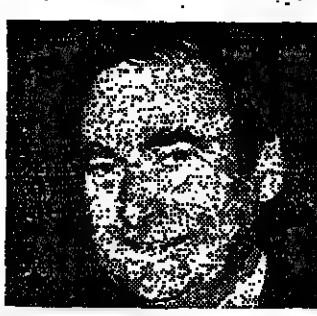
He takes more than his share of the credit for the success of Whitbread. He says it is a family business, but he is not a family member. He has taken over at a time when Whitbread has reached a new stage in its development.

institutions with large shareholdings in the group, it began to bring in some able outside talent. Mr. Tidbury himself was instrumental in pushing through the changes and bringing in new blood.

One example was Len King, former Treasurer of Ford of Europe, who was Whitbread's finance director for a while before moving on to the British Steel Corporation. His successor, Andrew McQuillan, joined Whitbread from another American group, Eaton Corporation. There is also Tony Simmonds-Gooding, brought in as market development. In crude terms, Col. Whitbread built up the group, Alex Bennett spent five years as chairman sorting out the structural and other problems which resulted from the rapid expansion, and Mr. Tidbury now has the task of building on the substantial foundations which have been established.

Whitbread has often been described by City commentators as the brewing group with the greatest hidden potential, but it is difficult to say how long this potential will remain hidden.

"Don't expect Whitbread to change course dramatically," warns Mr. Tidbury, however. He points out that as chief executive under Alex Bennett he played a part when the objectives for the medium-term future of the group were being worked out.



Charles Tidbury—Whitbread's new beer baron.

## The man who won the Whitbread trophy

BY KENNETH GOODING

In the first of two articles on leading brewers, Kenneth Gooding looks at the man who cheerfully admits that 'nepotism' brought him into the group

There are, though, some important clues to his strategy. In the way the Whitbread top management team has been restructured now that he is firmly in the driving seat.

The title "chief executive" has gone. Instead Whitbread now has a deputy chairman, Raymond Seymour, whose job will be to assist Mr. Tidbury in developing a long-term strategy for the group. While Mr. Tidbury will concentrate mainly on beer and brewing, Mr. Seymour will be more concerned with wine and spirits.

Two managing directors have been appointed. Tony Simmonds-Gooding is managing director U.K. and Robin Farrington, managing director International.

In the U.K. Whitbread never centralised its operations. Other major brewing groups who did so have subsequently decided to push responsibility back to local operating companies—described by Watney-Truman, for example, as "regionalisation."

The 25 companies which Whitbread acquired were welded into ten regional trading concerns. "This is one of our strengths," says Mr. Tidbury. "We put them into manageable sizes with regional coverage, with local ties, local management, and local names."

"They control their own destinies but with firm co-ordination of finance, technical services and national branding at the centre. There is still a great deal of grass roots trading in this industry."

Mr. Tidbury expects in the next few years to see a bigger share of the beer market moving to the take-home trade, and Whitbread is prepared to meet this trend. He points out that on the Continent some 40 per cent of beer sold is consumed at home, compared with 10 to 12 per cent in the U.K. British drinkers are beginning to shift more in the Continental direction but it is still not possible to guess how far they will follow their fellow Europeans.

The group is also looking at the medium-priced part of the restaurant business, which has proved suitable for many pubs. In fact, the whole range of the leisure market offers opportunities. Whitbread is involved already in joint companies which operate golf courses and what would have once been called "country clubs," but are now dubbed "leisure centres"

offering golf, squash, food and so on.

"But we must not forget that our basic, staple commodity is the pint of beer—ale or lager—in the pub. Our main job as a management is to get that good pint into the market place in the right way."

And the licensee and his wife are still the hub of the wheel around which the business revolves.

On the international front, Whitbread's objective is to increase overseas earnings from the current 10 per cent, to 20 per cent, while making sure that the home business does not shrink.

In 1974 Whitbread set itself the 10 per cent overseas earnings target by 1978, and has just about achieved it. Most of the money comes from Long John Scotch Whisky, acquired in August, 1975, Langenbach, its German wine subsidiary, and Whitbread Belgium, which operates a small brewery and has a trading arrangement with Stella Artois, biggest of the local brewing groups.

Whitbread has not been conspicuously successful with overseas beer acquisitions. It withdrew from a South African venture in the mid-1960s after losing what in those days was a considerable sum, £2.5m. More



served in the King's Royal Rifle Corps from 1944 to 1952, and joined Whitbread that year as a trainee at the Mackeson Brewery, Hythe, Col. Whitbread offered to match his army pay while training him to be a brewer. "I would have taken half just to learn the business."

He has worked in almost every department of the business, including a period as a shift brewer at Chiswell Street in the City of London when it was brewing around the clock.

He was born in Camberley—his father was a regular soldier so he was brought up largely by his grandmother in Gloucestershire. So, he maintains, he is a "countryman at heart." He has five children aged from 26 to 14 "who take up most of our spare time."

Of his role at Whitbread he says: "The most important thing is to make sure you have the right people doing the jobs which have to be done. Businesses are too big and too complicated to be managed by one or two people. Once you have delegated, then you can go round taking a sympathetic look at the problems which come up."

He enjoys visiting the breweries, depots, shops and pubs—other brewers' outlets as well as some of the 7,600 owned by Whitbread—because "we are a business which touches the public in so many ways. I must be in a position to see the business from the customer's point of view."

As he is still only 52 and the group's retirement age is 62, in theory he could remain as chairman for ten years. This seems unlikely, for he insists "five or seven years in any job is as much as anyone can do—unless it changes dramatically. I hope I will know when to call it a day and become an elder statesman. But that's all for the future and, indeed, for the Board to decide."

He also hopes "to leave behind a strong, independent business in the brewing and leisure field which is in as good, or better, shape than it is in now."

## Turning the Japanese challenge into Far Eastern promise

DEALING with the Japanese is a different way of doing things. You've just got to gain acceptance as a person as a human being. The learning process can take a month, or a year. There are times when you have to press, times to say yes in times to say no. But once you understand what the Japanese are all about and develop rapport, then they start opening up to you with ideas and have a real two-way partnership which will last.

The speaker is Max Hugel, an American, but a fluent Japanese speaker who for some years ran the international arm of another Industries, Japan's best producer of sewing machines and typewriters.

1,100 lines per minute and designed to meet the requirements of minicomputers, remote batch terminals, and small business systems.

In the other case, Sharp is manufacturing an electric typewriter which is said to be suitable for use in the home (possibly in association with Viewdata, for example) as well as for microprocessor applications.

Many Western companies have co-operative agreements with the Japanese, but few have developed the concept of partnership as far as Centronics has done. As Hugel describes it, it is much more than a contractual relationship. With the Japanese simply supplying components or machines to Centronics' design.

The American company is small—it has about 1,300 employees—and has deliberately specialised in printers. But it is a technological leader in its field and that technology is closely related to other branches of electronics and engineering in which the three Japanese companies are deeply interested.

By getting inside the Japanese, a family of line printers use company, observing its research programmes and ex-

changing information freely, the Centronics people can see developments which could be applied to their own product range.

Since the Americans have the know-how in printers, the contact with customers and a strong sales and service network, the Japanese company is happy to act in a supporting role—though it will normally handle sales of the finished product within Japan itself.

Hugel himself has studied Japan in great detail—he was in military intelligence during the war. "Every Japanese company has a long-range view. If we can show them that a partnership with us fits in with their long-term goals, they will do business with us. We normally try to make at least a ten-year agreement. We give them a price target which we must have to compete in the market and then we commit ourselves to a large volume of production."

Hugel, who is now executive vice president of Centronics, believes that by means of these partnerships the company is able to get products on to the market more rapidly; it is not burdened with the heavy overheads of a large manufacturing plant.

Could a similar partnership be forged in Europe? He does not exclude the possibility; the company is already making its printers at a plant in Ireland.

In a sense Centronics is providing the Japanese with a new outlet for investments in advanced technology which they would be making anyway. But Hugel says there is much more to it than that. "We get exposed to their R and D, we understand what they are working on and then we make a joint effort to develop a product."

The obvious argument against this sort of arrangement is that one of the Japanese companies will eventually decide that the world printer market is so attractive that it must be attacked directly; they will use the know-how and contacts which they have acquired through their association with Centronics to develop their own business—at Centronics' expense.

This fear of being used as a Trojan horse for Japanese ambitions has made a number of American and European companies cautious about entering into partnerships with Japanese companies, especially in computers and other electronics and related fields. Much depends on the size of the companies concerned and the importance of the product.

Centronics appears to have no worries on this score. For one thing, it is operating in a specialised market. For another, it is not dependent on a single supply source; it has arrangements with several Japanese companies. More important says Hugel, "we have the in-house capability to design and develop the products ourselves—we are not leaving ourselves exposed."

So far the formula has worked well, as the sales and profit figures show, and the management has no intention of departing from it.

Geoffrey Owen

CENTRONICS FIVE-YEAR RECORD			
	Sales \$m.	Income \$m.	No. of employees
1973	24.3	4.9	425
1974	41.6	7.9	715
1975	61.5	12.3	700
1976	82.2	19.8	950
1977	108.0	25.5	1300

### Agreement

In 1970 a friend of Hugel's, Bert Howard, was in the process of building up a company called Centronics, based in Huddersfield, making high-speed printers. Hugel saw scope for co-operation between Centronics' expertise in electronics and Brother's mechanical engineering skills. The result was a ten-year agreement whereby Brother supplied mechanical components and one of the American company's printers. The pattern of partnership proved to be so useful that Centronics later needed it to two other companies, Hitachi and Sharp. The first case a division of Hitachi is supplying the mechanical assemblies for the 6000 series, a family of line printers using speeds from 75 to

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By JOHN STEWART, Cape Town Correspondent

**THE SOUTH AFRICAN** authorities are considering what to do about the Crossroads squatter camp: some 20,000 squatters living there in 3,500 shacks must be prepared for the camp to be razed, as was done in the case of Umbel camp in the Cape Peninsula in February.

The problem of black squatters again and again has caught the Government in a conflict between economic needs and the ideological demands of apartheid. The migratory labour system was one of the pillars of apartheid. Without it the Pretoria Government could not begin to pursue its major objectives: economic growth to finance its ambitious programme to create jobs or a rapidly growing population, on the one hand; on the other, to give substance to the Verwoerdian vision of the "separate development" of politically independent, economically viable ethnic states or homelands. The difficulty is that these two goals taken together require there to be in two places at once.

To reconcile these conflicting aims a stringent set of regulations were drawn up by the African National Congress

But Cape Town is 800 miles from the homelands known as Ciskei and Transkei respectively. To them the Government's pass laws have special significance.

Possibly because the limited number of black people in Cape Town (about 100,000) facilitates control over the influx, and certainly because it is the home of more than 200 coloured people of mixed race, the Government opted in 1960-1961 for the testing ground of the Government's major objective of limiting the number of permanent African residents and even temporary visitors to the economic and political counter attractions in the homelands and the border industrial areas.

The Government declared its intention to restrict the influx of black contract workers in the

strategic Board show that in the period 1963-74 the employment of black contract workers in four sectors increased by nearly 20 per cent, with Government departments increasing their labour force from 1,447 to 6,123 (or 323 per cent.) in this period. At the end of June last year, the state transport agency, South African Railways and Harbours, employed 8,500 blacks (2,182 in 1963), many clearly in conflict with race policy.

While the Government may not have resisted the black influx in the interests of rapid economic growth, it did not make themselves comfortable in Cape Town by putting a virtual freeze on black housing. In Longa townships near Durban, which have been built since 1955, in Nyanga since 1962 and at Guguletu none since 1973.

Survivors of Crossroads and other major camps. Modderdam revealed two important facts that 75 per cent of households have at least one member who is legally entitled to live in the area, either on a permanent or a fixed basis, and that each household has about 1.3 members in employment. In more than 80 per cent of households, however, the area illegally children under the 1977 amendment to the Prevention of Illegal Squatting Act all squatting is illegal unless the occupier can show that he has legal rights in the area concerned. This provision effectively removes squatters access to a right of law action to which many resorted. The summer camps were superseded in 1974-75.

The aspect of

To accommodate the limited categories of people who do not fit into the broad aims of the policy, legal recognition of permanent urban residential rights was given to Africans who, in the same way, was declared a preferential labour area for coloured people. Employers could only engage black labour if they could prove that suitable coloured labour was not available.

- Were born within the area;
- Who have worked for one employer continuously for not less than 10 years, or
- Who have worked for more than one employer continuously for not less than 10 years.

In the vernacular of the townships, people thus qualified are known as "borners" and "section tanners" (after Section 10 of the Bantu Urban Areas Act). It is not open to individuals under these stringent qualifications are not extended to their families, unless by coincidence its members also fit into one of the three categories.

Although this policy of influx control is applied with greater or lesser rigour throughout the common areas of South Africa, it is not always successful. It has always been particularly visible in the Cape Town metropolitan area. Major cities like Johannesburg, Pretoria, Durban and Port Elizabeth have closed their gates to new arrivals, but not so the town of (illegal) work-seekers often Transkei became effective during 1966, and shortly after that employers were instructed to limit their demand for labour to the number (including registered vacancies) existing on August 31, 1966. It was further announced by the then Deputy Minister of Bantu Affairs, B. B. Biko, that he intended to compel employers to reduce their quota of black labour by 5 per cent each year. As from August 1, 1967, employers with migrant black workers were limited to 32 months and at the end of each contract period the worker was required to return to his home area and only a new contract could be entered into.

In spite of these measures, the influx of black workers to the Western Cape increased. The Affairs Administration Board's Government agency controlled by the Ministry of Bantu Affairs and Development. It was during the period 1972-74 that squatting became noticeable.

In the beginning, squatter camps consisted largely of legal residents and a small number of illegal ones, but as the "borners" began to congregate, black workers because no housing was available. They were joined by thousands of contract/migrant workers who, sending a few children in the care of control machinery, sent for their wives and children.

Camps sprang up all over the peninsula. Shanties demolished and new ones replaced overnight in the morning. According to the local Bantu Administration Board, there were 100 squatter camps in Cape Town in December last.

These squatters have reinforced the new, angry black workers in Cape Town that the Government chose to ignore their plight. The Government was needed, but now that recession has hit industry and construction has resulted in at least 4,000 contract workers losing their jobs without compensation. The Government are also out of work, unemployment no doubt feels this is the time to send his packing back to the homeland to restore some of the balance of the economy.

The problem they face, however, is that both Ciskei and Transkei Governments have issued statements saying they will not accept any more of the squatters of Cape Town, the both made it clear that they "for these people."

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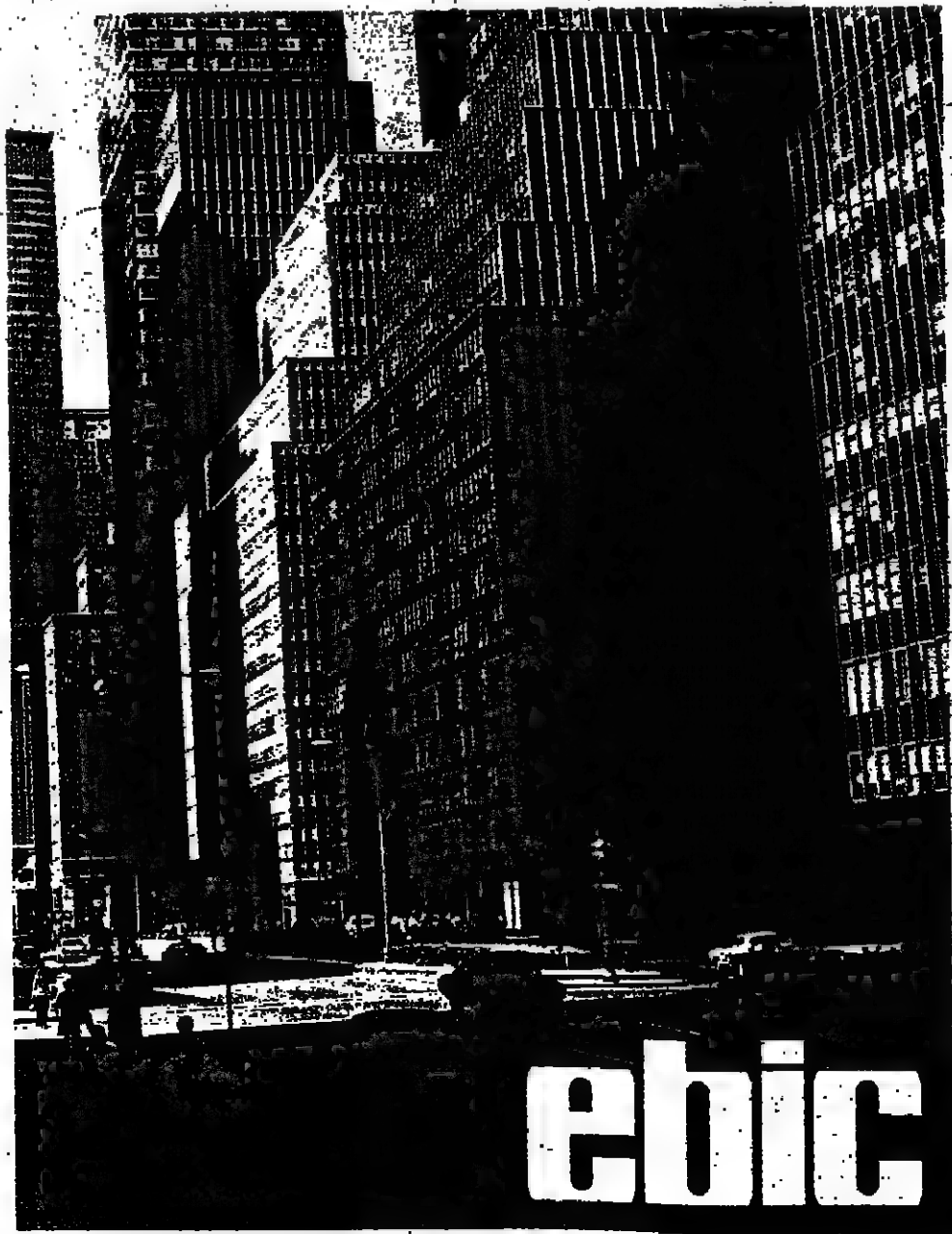
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# FINANCIAL TIMES SURVEY

Tuesday March 21 1978

## INSURANCE BROKING

The formation of a single industry association and the setting up of an official register are two major landmarks in the insurance broking world. The important role which brokers play in insurance will, it is hoped, gain considerable reinforcement from the self-regulation and united front these will provide.

THE INSURANCE broking profession covers a very wide spectrum. At one end are the large multinational brokers and at the other, the small one-man operations. In between there is a variety of firms, small, medium and large, with overlapping areas of operation. Essentially they all have the same basic function—acting as independent intermediaries between the consumer, whether individual or corporate, and insurers.

Any confusion in the mind of the public is understandable. The profession has never attempted to create an image and rarely hits the headlines unless something goes wrong. And there has never, until now, been any serious attempt to co-ordinate the profession with a central control. Anyone could, and many did, set up as insurance brokers, simply by calling themselves as such. And there were four separate professional bodies representing insurance on the statute book. It will be combined membership only accounted for one-third of so-called insurance brokers.

The system was wide open to abuse, though relatively few cases of downright dishonesty or even sharp practice have been brought to light. But those which did appear showed that the consumer was not necessarily getting a fair deal. And since we have a Government committed to consumer

ism, then it is not surprising that steps were taken to control insurance brokers. What is surprising, perhaps, is that insurance brokers were given the opportunity to police themselves, under the benevolent eye of the Government, and they took it with both hands. A review of the events of the past two years shows that all brokers really needed was a catalyst, in the form of proposed Government action, to put their own house in order. The responsible members of the profession were not at all happy that anyone could operate under the name. They did not want the trading name of insurance broker devalued and were seeking an official seal to professional status. Now it would appear that they are

to meet certain qualifications regarding professional expertise and experience, financial backing, and conform to a code of conduct. Anyone using the services of an intermediary is entitled to expect that the

onerous conditions. And they should not make much difference to the small broker. Despite some adverse Press comment, the regulation proposals have not been designed to bring aid and end to the small

small brokers have been able to operate without such cover and have not suffered either because they have been careful or because clients did not appreciate that when a mistake occurred they they could get

public. Until these codes are published we cannot comment too much on them. But they must ensure that the broker is completely independent of the insurance companies. Since some life brokers specialise in designing tax avoidance schemes and then find a compliant life company to underwrite them, the Registration Council has a stiff task on its hands.

The other notable event of the past 12 months is that the four separate insurance broking organisations have amalgamated into the one organisation—the British Insurance Brokers Association. All but a handful of the members of the old organisations have joined the new one. Insurance broking as such plays an important role in the insurance industry. Indeed, with some insurance business such as marine and aviation, almost all business is placed by brokers and in others the amount placed by brokers is extremely high. The Government has in recent years enacted a mass of legislation affecting U.K. insurance operations. The brokers need to present their views to Government on all proposed insurance legislation and they need one powerful voice to do this. Speaking to Government for all brokers, large and small, is an important function of the B.I.B.A.

But it is not the only one. Brokers need to talk to the

insurance companies with one voice on a variety of matters. Several brokers are not satisfied with the present life assurance commission arrangements. They feel that some form of differential commission should be paid by life companies and are letting the B.I.B.A. know their views. This is just one important example as to the role the B.I.B.A. can play on behalf of its members.

### Strengthening the bonds

By Eric Short

#### Notable

The various functions of the B.I.B.A. are explained in a separate article. But one notable feature is the representations made by B.I.B.A. to the Lever Committee on small companies on behalf of small broking organisations. The small broker can influence the B.I.B.A. through the regional system. He is not without a voice on B.I.B.A.

The brokers have achieved a registration system which will not put any shackles on the large multinational seeking overseas business in a very competitive market. He has enough problems bringing in the invisible earnings without further controls on his actions. Now it is up to the brokers to show that it will work in dealings with the general public, who have a right to expect as high a level of service as the large multinational corporations.

## British Insurance Broking takes the great step forward.

For some years, Insurance Brokers and leaders of public opinion alike have felt the need for a system of professional Registration, and for a single Insurance Brokers' Association.

With the passing of the Insurance Brokers' (Registration) Act into law and the formation of the B.I.B.A., both have been achieved.

In the coming months, two immediate things will happen. All Insurance Brokers will be required to apply for Registration to the Insurance Brokers' Registration Council, established under the Act.

Only Registered Brokers will be allowed to call themselves 'Insurance Brokers'.

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## INSURANCE BROKING II

# Small firms are the backbone

AT PRESENT there are nearly 2,300 members in the newly formed British Insurance Brokers' Association and of these the vast majority employ less than 50 persons. The small broking firm does not make the headlines, yet together they are the backbone of the insurance broking profession. It is to the smaller broker, operating in the local High Street, to whom the public will come for insurance advice regarding motor, household, and life. When Mr. Stanley Clinton Davis, Under-Secretary for Trade, talked about the new registration requirements bringing about a new deal for consumers, it is primarily the small broker to whom he is referring.

In the eyes of the general public, the insurance broking profession will be judged, not by the large Middle East contract recently completed by a large Lloyd's broker, thereby boosting invisible exports, but by the type of life contract sold or how quickly and efficiently the claims were handled for damage to houses in the January storms. And it is in this sector of insurance broking that the need for registration lies.

Up to now anyone has been able to set up as an insurance broker, offering advice on individual insurance needs. The person concerned needed no previous experience or qualifications, nor was any check made into his ability or integrity. It was a set-up ripe for exploitation, especially with life business where the slick operator could make a killing with the connivance of certain life companies. Yet only a handful—very small percentage indeed—have been found to have operated in a manner not in the consumer's interests. It was unfortunate that the troubles in 1974 and 1975 highlighted the activities of a few brokers. But it is by the experience of these members of the public who used these brokers that the profession is judged, not on the unpublicised majority.

Consequently, insurance brokers do not have the professional standing of the legal or accountancy professions—two bodies which have their share of black sheep. One important task of the BIBA will be to raise the status of brokers in the eyes of the public.

There are, however, small brokers and small brokers. There is the two-man-and-a-girl type of operation dealing with the individual seeking insurance advice and prepared to place his business through the broker. This type of broker is prepared to actively canvass for business besides waiting for it to come to him. Indeed, if he wants to get established, then he must be prepared to do this. It is only when he has been trading for several years and has built up a sizeable portfolio of clients, that he can start to rely on reputation and recommendations for his new business.

Then there is the larger operation— with several part-

ners and a larger clerical back-up staff. This type of smaller broker will often be looking after the insurance interests of the local commercial and industrial companies for the major part of their business. Small companies need insurance as much, if not more, than the large industrial and commercial concerns.

But in dealing with the insurance problems, personal contact is an important facet. Insurance is a complex subject and in many cases the client is completely in the hands of his insurance adviser. One can have more confidence in dealing with a person that one meets socially as well and who is readily accessible in a nearby office. This is one reason why the owner of the small factory or local department store looks to his insurance broker for handling his insurance rather than deal with the large City-based Lloyd's broker.

Again with large commercial and industrial companies, there is usually a full-time executive handling the insurance problems of the company. Often he will be a professional insurance man, by training and background. In dealing with his insurance broker, it is one expert talking to another in many respects. With smaller companies dealing with insurance is just one more chore for the company secretary, to be dealt with when he can find the time. He needs a broker who is not only prepared to discuss his insurance

requirements, explain the small print and arrange the cover, but will actually do most of the preparatory work, recommending most of the insurance requirements, collect a lot of the data needed for underwriting and handle the claims when they arise.

The smaller broker, situated nearby, can provide this type of service. He will often have dealt with the company for many years during which time he has got to know the operation of the factory or store in considerable depth. Over this period there will have been built up a tremendous fund of goodwill.

The mass of recent legislation on health and safety at work, on employers liability and employment protection and various other matters has made professional advice even more necessary. The broker can explain to his client the effects of the new legislation, which often will go beyond insurance matters to general employee considerations. The broker's acquired knowledge of the business is invaluable in advising and recommending the insurance cover required.

Since individual trust is all important, then one particular concern will deal with a specific client for years. The broker concerned will have to keep abreast of all the latest developments in technology, have a working knowledge of what this will mean for insurance. He will have to cover all the fields, he has not the technical back-up

CONTINUED ON NEXT PAGE

# Ruling by register

THREE YEARS of concentrated effort come to fruition this year when in December the insurance brokers' register is opened under the Insurance Brokers (Registration) Act 1977. Under this Act the insurance brokers have been given the power to keep their own house in order through self-regulation and supervision. The Act has been designed to protect the consumer and restore the image and status of the insurance broker which have been tarnished somewhat by a small minority of so-called "rogue brokers."

It will now be obligatory for all who wish to trade as an insurance broker to register and conform to certain minimum standards. In the past anybody could open an office and call themselves insurance brokers regardless of previous experience in the industry.

Since the general public has a very poor knowledge of insurance they would find it hard to differentiate between these unprofessional operators and the average sound insurance broker. As such the man in the street was often being sold the wrong policy while the "rogue broker" himself could be channelling too much business towards one insurance company. This not only limits the range of products available but it also means that the consumer is not getting the impartial service that is required.

Given the problems that do exist within the sector it is encouraging for the consumer that the insurance brokers have been given the opportunity to sort things out. The Government was clearly concerned

that the public could be in a position to determine just what broker was offering impartial advice and who was basically an agent for a particular insurance company.

It was in May of 1975 that the then Secretary of State for Trade invited the four main insurance bodies to put forward proposals for the identification and supervision of insurance brokers. Several months later the four broking organisations produced a consultative document outlining their plans for self-governing the insurance broking industry. It is these proposals that have formed the basis of the Insurance Brokers Registration Act.

At the moment committees are still discussing the various regulations that will be imposed and no announcement is likely until the summer although the broad outline is fairly clear.

Having said this there are one or two areas where the Act could have been more forceful. One of the qualifications for registration for example is that a person who has carried on business as an insurance broker or as a whole-time agent for two or more insurance companies in relation to insurance business for a period of not less than five years shall be entitled to register. This means that even those fringe unprofessional operators who set up business more than five years ago would get by the net.

The Registration Council does, however, have the powers to check the registration even if the broker has been in operation for more than five years since his character and suitability to be registered as a broker need

to be satisfactory. But how the Council will actually determine this is difficult to see when the broker has successfully operated for at least five years.

Still, at least the brokers will need to conform to some fairly rigid rules if they hope to stay in business as an insurance broker. While the final details have yet to be finalised they will need to see that their businesses have sufficient working capital. Moreover, the value of assets must exceed the amount of liabilities by an adequate margin.

Of course the Council, when stipulating these requirements, are bound to take account of the one man operations. So the minimum capital requirement is unlikely to be much more than £1,000.

A further encouraging requirement is that the number of insurance companies with which the broker places insurance business, and the amount of insurance business that they place with each insurance company is such as to prevent their businesses from becoming too dependent on any particular insurance company.

The methods of accounting will also need to be tighter. Brokers will need to keep records showing and explaining the transactions of their business. On top of this they will need to prepare and submit at regular intervals balance sheets and profit and loss statements for the purpose of giving a true view of the state of their business.

Any major accounting changes such as these will almost certainly mean a gap of about two years before the Act can be

fully implemented. The Council after all is empowered to require brokers to produce reports given by qualified accountants at such intervals as they may prescribe.

The Council will also require the brokers to take out the necessary professional indemnity cover. This insurance will mean that any financial loss due to mistakes by the broker will be reimbursed without the possibility of the broker going into bankruptcy. Brokers have the option to authorise the Council to establish and maintain a fund enabling such grants or other payments to be made. This fund would mean that in the event of losses caused by the insolvency of the broker the client's losses would be met.

Any individual who uses the title or description which includes the expression "insurance broker" when he is not registered in the register shall be liable to a fine not exceeding £400.

There are bound to be a number of teething problems but if the consumer is to be protected the Act must be successfully implemented. After all, when the average man in the street consults a broker he is very much in his hands. As such the consumer must have complete faith in the broker. This can only be achieved by tight control over the registered brokers. The Act is designed to create a system whereby insurance brokers are not only sound financially, but in the service they offer. The reputation of the industry is at stake.

David Wright

# With one strong voice

THE AMALGAMATION of the four separate insurance broking associations—the Association of Insurance Brokers, the Confederation of Insurance Brokers, Lloyd's Insurance Brokers Association and the Federation of Insurance Brokers—in January 1977 into the new British Insurance Brokers Association (BIBA), had made a great deal of sense for some time. But its happening at the beginning of last year was especially fortunate for two main reasons. First, the industry needed to present a united front, with one strong voice, at a time when the City is under scrutiny by Sir Harold Wilson and his team. Secondly, it was necessary for there to be only one body in order to conduct the business of registering all insurance brokers, which becomes effective legislation at the end of 1979.

Membership of the new association is of course not strictly speaking compulsory. But a divided industry is a weak one and it is significant that BIBA already has 3,500 members—this number represents the total number of firms, whether of one or more persons—and there are a further 1,000 applicants in the pipeline.

Perhaps more important is the fact that membership is not freely handed out and is by no means automatic. Those who apply have got to satisfy a number of basic requirements

some of which defy precise definition, and pay a fee, which again is not set but fixed according to circumstances. The decision as to whether an applicant is admitted will rely on a general assessment of the firm. The applicant will have to give some evidence as to its (or his or her) experience and professional expertise in the business—something which clearly is a question of judgment on the part of BIBA. There will also need to be evidence of sufficient staffing arrangements and of efficient administration. Furthermore, the applicant will have to have a business with a minimum paid-up capital of £1,000 and have professional indemnity insurance of a minimum of £250,000. Properly audited accounts will have to be produced as evidence of the viability of the business.

The list is clearly comprehensive, making the processing of applicants a somewhat lengthy process. It is of course one thing to satisfy a list of arbitrary requirements and another to prove that business is conducted properly in the field. An extra fail-safe in this respect is the telling requirement that all members have to be registered under the new Act.

Like any serious-minded trade association, BIBA will be attempting to promote the insurance broking industry and its views. To this end it is busily

preparing written evidence to be submitted to the Wilson Committee in the near future, just as representatives of others in the financial sector have been doing over these past months. It will also be speaking to the Government directly on all matters in the industry's interests.

Quite significant too is the function of BIBA in handling complaints and inquiries from the public. The BIBA staff, on receiving any sort of complaint, will take the matter from then on and seek further information from the broker in question and answer the letter. In other words the complaint will be processed rather than just passed on to the broker.

Changes in legislation affecting brokers will also be interpreted and disseminated, whether from the U.K. Government or from the EEC.

Finally BIBA has already got under way with an industry publicity campaign which has appeared in the national Press.

The message that comes across is very clear. If you want to know anything about buying insurance—life, general or whatever—then the body to approach for information is the British Insurance Brokers Association. The aim of this campaign, which does not have a price tag (at least not one that is disclosed), is to establish the value of the insurance

broking function in the mind of the general public. BIBA is also stating, quite categorically, that it is in charge of monitoring the professional conduct of its members and is also the place to go if one has a grievance about the conduct of a member. As the advertisement says, "With the formation of BIBA, you have recourse to single professional association of British Insurance Brokers. Such an association has not existed before. And you, as a buyer of insurance, should know about it."

The change of attitude on the part of the profession is quite remarkable, and one to be welcomed. To some extent no doubt this open approach owes something to the fact that the City is under immense pressure to show that its working institutions can police themselves without the need for outside interference. But whatever the motives, political or otherwise, the beneficiaries must be policyholders.

That an industry traditionally reticent and with its normal share of professional jealousies has managed to get under one umbrella at all is quite an achievement. This can only enhance the image of insurance brokers who, apart from their position in the City, have a uniquely powerful role in insurance throughout the world.

Keith Lewis



## INSURANCE BROKING III

## Expansion into overseas markets

THE DEVELOPMENT of new markets and new business is essential for any company's future growth. This corporate realism has been headed for a long time by the insurance broking community.

While outsiders may have felt that the brokers could have had quite comfortably off the fat of brokerage earned on renewal premiums, the brokers themselves have had other ideas. With what appears to be an unlimited market—world demand for insurance is estimated to grow at an impressive 15 per

cent a year—the enterprising broker can at least feel confident that much of his effort to expand need not necessarily be in vain.

So it is not surprising that there has been a rapid expansion by U.K. brokers into new overseas markets, particularly into developing countries, where their services are increasingly in demand. Brokers are establishing themselves in such areas as the Middle East, Africa, South America, Far East and Europe.

However, penetration of these

markets is by no means trouble-free. In many countries the only effective way of establishing a presence within the market is either to acquire a local insurance broker or go into partnership with local interests.

To acquire a local broker with a good business a premium price would have to be paid, while the loss of some goodwill on the change of ownership could mean a loss of business. Local partners are useful in helping to avoid this latter risk. But then there are high start-up costs, and it can take a few years before there is any worthwhile contribution to profits.

Developing countries have tended to be more nationalistic. This need not mean complete nationalisation of foreign interests but the U.K. broker is often only allowed a minority interest, even though he may be providing most of the expertise. That broker could lose control and may not receive an income which reflects his capital outlay. However, the U.K. brokers' links with the London market and superior expertise ensure that they get a significant amount of the reinsurance business available.

## Controls

Other countries have established legislation which protects their own domestic insurance markets. These regulatory controls can affect brokers' commission rates and limit his freedom over the placement of business.

In many of the new overseas markets competition is fierce, both from other international brokers and local concerns. In those conditions margins are squeezed and the renewal business is often under threat. Business from these areas can be volatile. But the overseas market has provided most of the excitement for the U.K. brokers over the last three years or so. Around 55 per cent of the world's insurance premiums arise in America and roughly a third of the total brokerage income for the major U.K. insurance brokers.

What led to the growth in brokerage from the U.S. in recent years was the contraction of U.S. insurance capacity as a result of major underwriting losses suffered from 1974 onwards. This in turn caused a

substantial increase in the volume of insurance business flowing from the U.S. into Lloyd's and the other insurance markets in London via international insurance brokers.

C. T. Bowring, Sedgwick Forbes and Willis Faber have among the strongest positions within the U.S. market. While local representation of each is modest, they have tended to carve up most of the direct business coming out of the U.S. from the major domestic insurance broking groups between them. They also have strong presences in the reinsurance class of business.

Bowring has no direct involve-

ment in the U.S. But the group does have strong trading relationships with several major U.S. broking groups, such as Guy Carpenter, the largest U.S. reinsurance broker, which is also a subsidiary of Marsh and McLennan.

The group's links with Marsh and McLennan have been further strengthened by the acquisition for cash of a 20 per cent stake in Victor O. Schinnerer, another Marsh and McLennan subsidiary.

Sedgwick Forbes handles more direct business from the U.S. than any other London broker, a significant proportion of that "big account" business. The direct business is spread

over marine, including oil related risks, aviation, property and casualty classes. The group has strong connections in Canada.

Willis Faber, the most recently quoted of the U.K. major brokers, has a long established relationship with Johnson and Higgins, one of the big three-aviation and marine brokers in the U.S., while the non-marine and reinsurance business is backed up by an extensive correspondent network.

Other U.K. brokers also have established links. C. E. Heath, Minet Stewart Wrightson (the insurance broking arm of Matthews Wrightson) and Ste-

house all derive over 30 per cent of commission income from the U.S.

Alexander Howden recently acquired South Eastern Aviation Underwriters, a large Georgia-based aviation pool manager. It also has a close trading relationship with Alexander and Alexander on the direct side. But its principal link is with Wohlreich and Anderson who are both excess and surplus line brokers and underwriting agents.

However, it is impossible to make any hard and fast conclusions about how successful brokers are in exploiting overseas markets since the way

commissions are split can vary widely. Each risk underwritten is looked at carefully and the eventual commission is the subject of negotiation between the parties involved.

Assessment of possible commission prospects is made more difficult as the business flows from one territory to another. But crude guesstimates suggest that commissions are usually divided between a U.S. broker and his counterpart in London on an approximately 2 to 1 basis, although it is not uncommon for the split to fall out at 3 to 1.

John Moore

## Backbone

CONTINUED FROM PREVIOUS PAGE

that the large broker has years from the spate of disavowals. Finally, the broker will be a jack of all trades.

But there is one field where specialisation is being forced upon brokers—that of life and pensions. The new pensions legislation is so complex that it cannot be handled on a part-time basis. More brokers are

operating separate life and pensions divisions with one or more partners dealing solely with these problems and having their own back-up specialist staff. It has been a full time job explaining the new state pension scheme and contract out requirements to employers, especially the smaller employer where the advantages and disadvantages of coming out of the new scheme were finely balanced.

With the general public, however, matters are somewhat different. Motor and household insurance is reasonably straightforward and easy to explain to the client. Motor insurance premium rates tend to vary considerably from company to company and the client always wants the cheapest. The broker has to recommend a contract taking into account the insurance company's reputation or handling claims as well as the premium level.

The broker, in dealing with his client's general insurance requirements, will remind him when the policy is due for renewal, check that the cover is up to date, and even advise on what the cover should be. The problems of underinsurance have been highlighted in recent

years from the spate of disavowals. Finally, the broker will be a jack of all trades. In the recent storms and blizzards the small broker had an unrivalled opportunity to show how effective were his services to the public by prompt and sympathetic handling of claims.

With life business, matters are more complicated. The broker has to explain what the client wants. For the young family man, protection comes before savings. Many small brokers find that most business is done by a fireside chat at the client's home in the evening. If the small broker is doing his job correctly, then the client will understand exactly what life insurance he is taking out and why.

Another important job for the broker is to review the life insurance needs of his clients. As his client's circumstances change, then the broker can advise, moving the emphasis from protection to savings.

All this shows that the public in dealing with a broker must have complete confidence that the broker has the expertise and knows the insurance market well, no mean feat these days with more contracts coming on the scene. The public must also have confidence that it is getting completely independent advice. This is where registration will either succeed or fail—whether this confidence is conveyed to the public.

Eric Short

## Lloyd's and its agencies

ALL BUSINESS that is brought to Lloyd's of London is introduced by nearly three hundred authorised Lloyd's brokers. But like most admissions to exclusive clubs the selection process is rigorous.

To gain admittance, as a Lloyd's broker, the applicant has to satisfy the Committee of Lloyd's as to his integrity, experience and financial standing. After his admission the Committee keeps a close watch to see that standards are maintained.

But once admitted the Lloyd's broker does have access to a host of advantages over his competitors elsewhere. The principal advantage is that as Lloyd's is still the premier market for reinsurance and the difficult liability classes of business the U.K. Lloyd's broker handles a steady volume of business during times when other brokers are finding the going tough.

For at the same time of enjoying exclusive use of the Lloyd's market the Lloyd's broker is of course allowed to place business with insurance companies in the usual way.

But a more evident advantage to the Lloyd's broker is the income that he can derive from the management of Lloyd's underwriting agencies. Although this source of revenue is not as significant as the commission and investment incomes it is, brokers-in-tandem with the

underwriting market means that many large underwriting agencies are closely linked with individual broking firms. However, these agencies are usually controlled by members of Lloyd's who are directors of the broking company, and there are arrangements made where all of the income, or the profits, of the agency are passed over to the broking company.

Syndicates are formed for operational convenience. These members, or "names," who do not possess any insurance expertise leave their affairs in the hands of an agent. The syndicate pays the underwriting agent a management fee and a share of the profits of the syndicate. If the syndicate makes a loss the agent is not liable for any part of the loss and is entitled to his management fee if he chooses.

The management fee is usually related to the premium limit of each name of the syndicate. If the number of names in the syndicate is small, the fee is generally sufficient to cover the expenses of the underwriting agency. Profit commission is around a fifth of underwriting profits and a fifth of net investment income, and this can fluctuate dramatically.

To conform with the requirements of the Committee, Lloyd's underwriting agencies must be controlled by members of Lloyd's. They cannot be subsidiaries of other companies. But the development of Lloyd's

development. And it has mainly come about in response to a demand from overseas insurance companies.

Many overseas insurance companies now feel that it is essential to be represented in the London insurance market. But rather than set up a complete organisation of their own, they entrust their underwriting activities and funds to an agency company which runs the business in a similar way to a Lloyd's syndicate.

Some agency companies have opened underwriting offices in areas close to Lloyd's so that the brokers may readily visit the underwriters to ask for quotations.

But it usually takes a number of years for a new company to become fully established in the London market, and so able to build up a good premium income and underwriting record. As a result the agency's income may not be so high in the initial years.

When these companies are successfully established there is a possibility that they may decide to take over the underwriting. Lloyd's brokers are naturally sensitive about their relations with their agency interests and most try to establish an arm's length relationship, although this is not always easy.

Meanwhile a new trend has emerged. Underwriting agency income from insurance companies is a relatively recent

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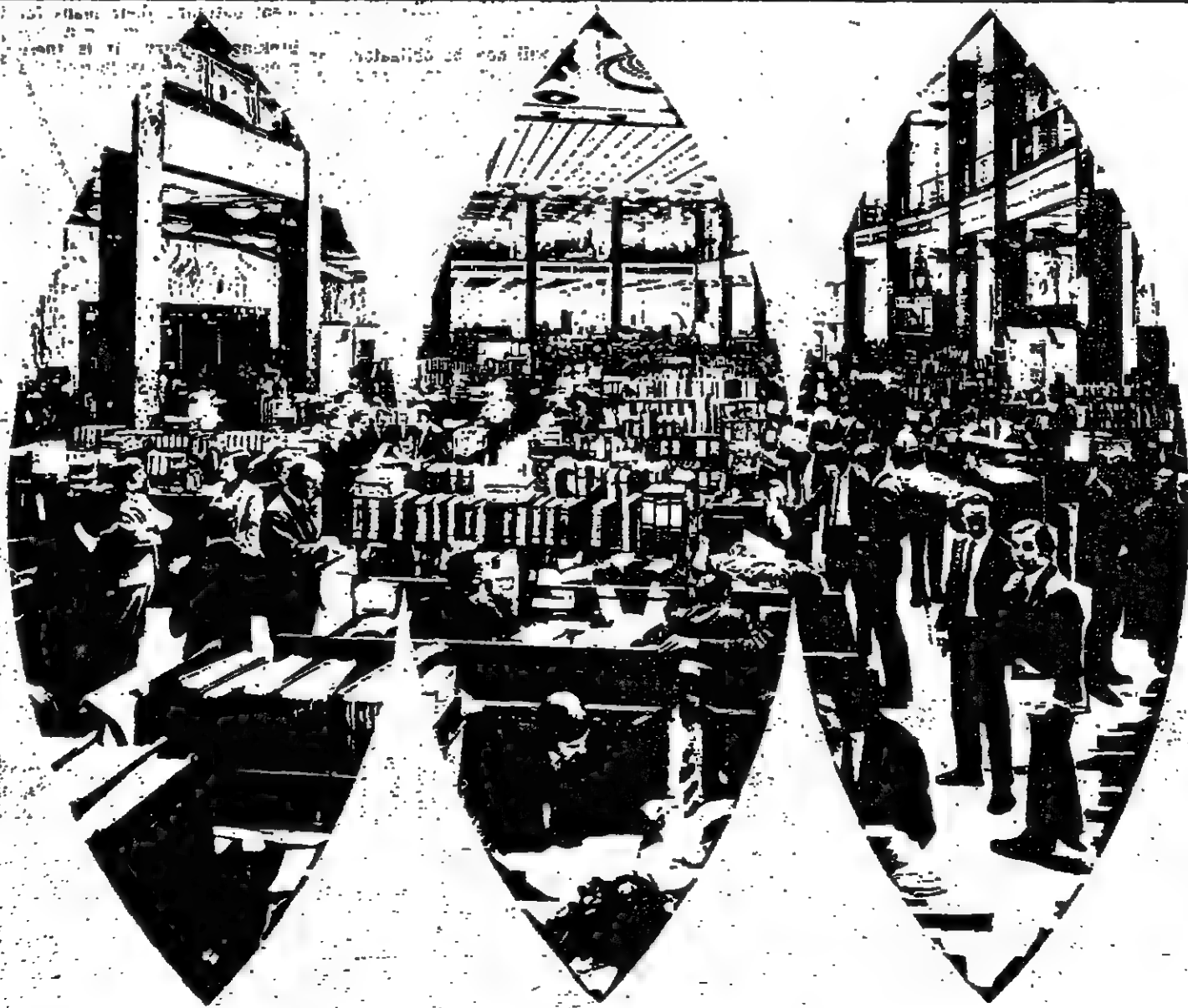
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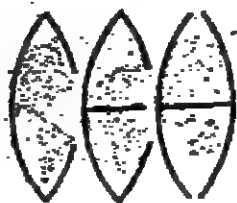


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## INSURANCE BROKING IV

## Shares still shaping well

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JUST for a few months last autumn it looked as though the long period of relative strength of insurance broking shares might be ending. At the end of August the ratio of the insurance brokers sector index to the FT-Actuaries All-Share Index reached an all-time peak of 172 per cent, having risen from under 70 per cent in 1969. It then dived in a couple of months to a level of only 140 per cent.

But it turned out that this was only a temporary reversal. Fears of a big problem of bad debts which emerged after the Matthews Wrightson interim statement last year were gradually put into a more reassuring perspective. Meanwhile the threat from the strength of sterling—hurtful to insurance brokers given their large overseas revenues but predominantly sterling costs—has faded a little in the last few weeks.

### Encouraging

Moreover, the early figures in the current insurance broking results season have been generally encouraging, with Sedgwick Forbes reporting a 40 per cent pre-tax profit rise to £23.2m, while the Midland Bank subsidiary Bland Payne (helped by its more favourable September year-end) has announced a 44 per cent rise to £21.9m.

Not all the figures have been as good as this—Alexander Howden's, for instance, were up by a more modest 16 per cent to £21.4m, pre-tax—but such growth contrasts well with the lacklustre performances being reported by most industrial companies. So the sector's relative strength has been recovering sharply, and by the middle of the month the index was up to 173 per cent of the All-Share,

hitting a new relative peak.

So the City has been convinced that the long-term trends which have favoured international insurance brokers operating out of London continue to be relevant. The role of Lloyd's in the world insurance market is a crucial point here of course, and as an institution this currently looks very healthy, recruiting substantial numbers of new "names" and boosting its capacity sharply.

In so far as this growth leads to even greater activity in excessively competitive sectors like the aviation market—where a new Lloyd's syndicate has recently started up—there could be problems. Significantly, aviation rates have remained unduly low despite the huge losses sustained a year ago in the Tenerife disaster.

On the other hand there is still a big supply of the major overseas projects which call for the expertise of the large brokers, and there is still sizeable growth in liability lines. In this connection business continues in particular to flow across the Atlantic from the U.S., where despite last year's impressive upswing in insurance profitability, capacity remains a limiting factor.

In advanced countries, especially the U.S., growth of consumerism and of legislation on questions such as safety in the workplace, together with huge increases in the levels of compensation awarded in the Courts, have led to a continual increase in the number of insurable risks perceived.

Although in less developed countries strong nationalistic feelings tend to keep foreign insurance underwriting companies out of the picture—the business being monopolised by nationalised operators—re-

insurance is another matter. This tends to come out on the world market and thus falls very much within the ambit of the big insurance brokers.

But two of the normal advantages of insurance brokers—their liking for the sterling depreciation and high interest rates which have been common in the past few years—do not seem at present to count for very much. Their ability to keep pushing up their profits in less advantageous conditions is, however, an indication of the strength of their growth momentum.

By and large the City's analysts remain relatively optimistic. For instance, Philip Olsen of stockbrokers Kitcat and Aitken, specialists in the sector, is projecting an average growth of 15 to 16 per cent in pre-tax profits for 1978. Assuming constant currency

parties he estimates that income will grow by around 17 per cent, and on the basis that expenses increase at about the same rate pre-tax profits could rise almost in line with revenues. The results could be even more buoyant if sterling displays any weakness and if short-term interest rates show any tendency to rise.

One thing that could spoil this rosy picture for the stock market, however, could be a further wave of bad debt problems. Last year ripples spread out in many directions after problems were discovered at Robert Bradford, controlled by the Sims Darby group.

The essence of the difficulties in that instance appears to have been that certain aviation reinsurance business taken on by its underwriting pool was later repudiated by some of the underwriters. The affair came to

light when Matthews Wrightson provided £600,000 for bad debts in its 1977 interim report.

Since then sentiment has been ruffled by the suspension, in a quite different case, of a Lloyd's syndicate after a dispute with a Brazilian reinsurance company. Bad debts also came to the surface recently when Gianvill Enshoven, part of the Charterhouse Group, disclosed in its annual report for 1977 that "it has been necessary this year to make larger provisions for bad debts."

### Favourite

The smaller and more rapidly growing companies appear to be most at risk from bad debts, which arise because brokers handle an overlapping two-way flow of premiums and claims, and may be caught out when claims are repudiated. On the

other hand the larger and longer established companies probably carry undisclosed bad debt reserves which can be used to absorb problems over payments.

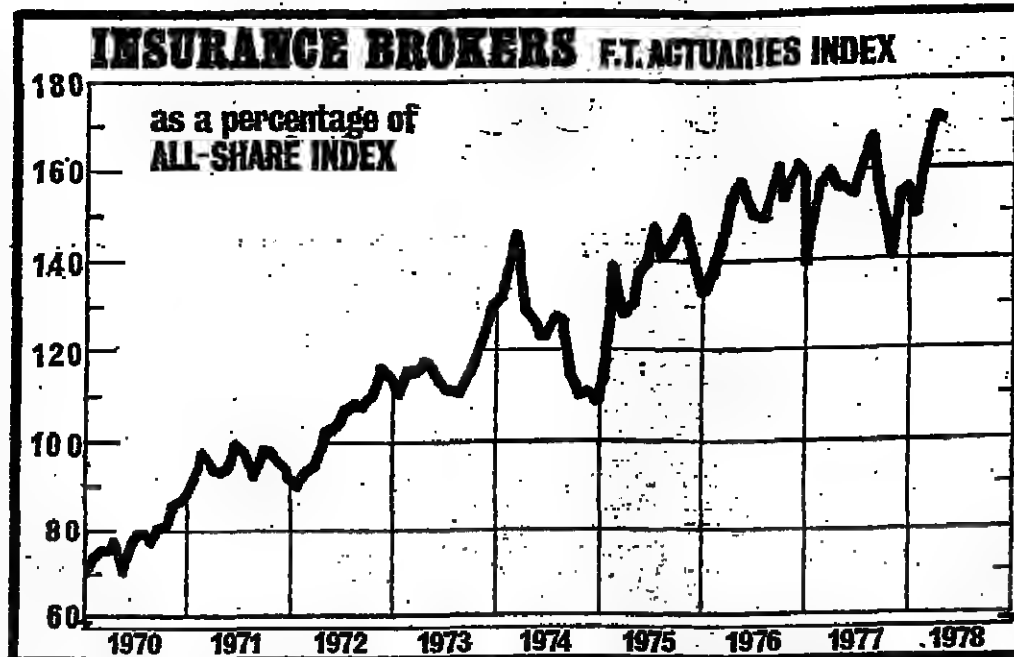
Among individual shares Sedgwick Forbes appears to be perhaps the stockbroker favourite at present for this, a large solid company which has a good recent record and which last year trimmed its expense ratio sharply. C. T. Bowring and C. E. Heath also have long term potential.

Another factor which affects the share choice is the extent of diversification by the various companies. So successful reinsurance broking has been over the years that activities outside the field have come to be seen as an unwelcome dilution so far as the stock market is concerned. This is particularly relevant for companies like Bowring, with large interests in merchant banking and instalment credit.

Matthews Wrightson, with its shipbroking and property interests, and Stenhouse with a string of industrial activities. After the excellent recent performance by share prices in the sector it will be difficult for the momentum to be maintained in the short run. The yield on the sector index has recently slipped to not much more than 4 per cent, and the price-earnings ratio remains well above the market average.

But over the years the big insurance brokers have proved that they well merit a high rating. They are essentially tuned to world-wide potential rather than the sluggish British scene. Somewhere the drums may be beating a warning message about the world economy, but to the ears of insurance brokers they seem a very long way off.

Barry Riley



## Firm growth in reinsurance

A GROWING amount of reinsurance is being placed throughout the world, and for a number of different reasons. Some direct insurers feel that because of modern methods and technology the catastrophe potential is increasing more rapidly than inflation and the reserves of individual insurers. There is therefore a greater need for "catastrophe" types of insurance.

In addition, an increasing number of countries are legislating so that insurance business can leave the country only by way of reinsurance. Such countries often require inward reinsurance too as reciprocity for the business they let out.

The current over-capacity in such markets as marine and aviation might appear to result in less demand for reinsurance. In practice, however, there are plenty of insurers throughout the world who would like to see business, and are happy to pay commission so as to receive it as reinsurance, appreciating that they would stand no chance of being offered the insurance on a direct basis. This demand can be met by some direct insurers who, worried about the weakness of premium rates, are happy to reinsure a proportion of the line they write, while waiting for more profitable times when they may retain more of the business for themselves.

For brokers, reinsurance is very much a growing market, with arrangements increasingly tailored to suit the individual circumstances of the insured. That type of business has been growing, to some extent at the expense of direct arrangements between insurance companies where there is a more or less straight exchange of business.

### Grist

The growth of reinsurance is all grist to the mill of insurance brokers, and while it is usually quite expensive to make the initial arrangements it can be profitable enough in subsequent years thanks to the relatively high premium applicable to each contract.

One of the great advantages of reinsurance for brokers is that it generates more business. A single broker, handling a particular risk on a direct basis, may be able to arrange a number of different reinsurances for those who write the direct insurance and certain reinsurances of that risk.

There has been growing interest in "captive" insurance companies, owned by large industrial and commercial concerns, primarily to handle their insurances. This has resulted in more reinsurance business for brokers. For instance, a captive insurer may write the whole of a risk, and then arrange substantial reinsurance. In this case a

broker may obtain a quote from the reinsurance market which is lower than that applicable for the business on a direct basis. While technically this is reinsurance, the tariff offices (which otherwise could be expected to disallow this form of competition from the reinsurance market. While it is often only a small part of the traditional reinsurance market which takes this line, provided a broker can obtain a lead from a fairly well-known reinsurer the business can usually be completed.

Another approach which may be made by a captive, intended mainly to save cost, is to ask, say, a tariff office to write 100 per cent of the risk, reinsuring perhaps 95 per cent of the risk with the company's own captive. In turn, the captive will then reinsure most of that with companies throughout the world.

Rather cynically, some tariff insurers attribute some of these ideas to brokers, in view of the brokerage which they will earn. For instance, with the second method mentioned above, a broker could expect to earn commission on placing the business with the tariff insurer, subsequently on reinsuring perhaps 95 per cent of the business with the captive company. Commission would also be earned on placing reinsurance for the captive.

British insurance brokers have the great advantage of having the Lloyd's market, which is writing an increasing volume of reinsurance. Often it proves more satisfactory for overseas business to be written in the domestic market, with substantial reinsurance being arranged. In some cases of course it is the reinsurers who in effect rate the risk. Generally British reinsurance brokers have welcomed the introduction of registration and the standards and controls which will be imposed in connection with the activities of brokers. There is a feeling that there is scope for systems to be improved, for the benefit of both parties.

It may seem as though reinsurance brokers make life unduly difficult for themselves because they tend to prefer showing business in the first place to those underwriters who ask the most pertinent questions and delve most deeply into the subject. Their view is that it is only by obtaining quotations from the real experts that they will secure the best premium rates. Certainly some brokers feel that they are being required to provide much more information about their clients to reinsurers underwriters before treaties. While in theory a reinsurer should always obtain full information, there may have been an easier attitude in the past when there was more profitability in underwriting.

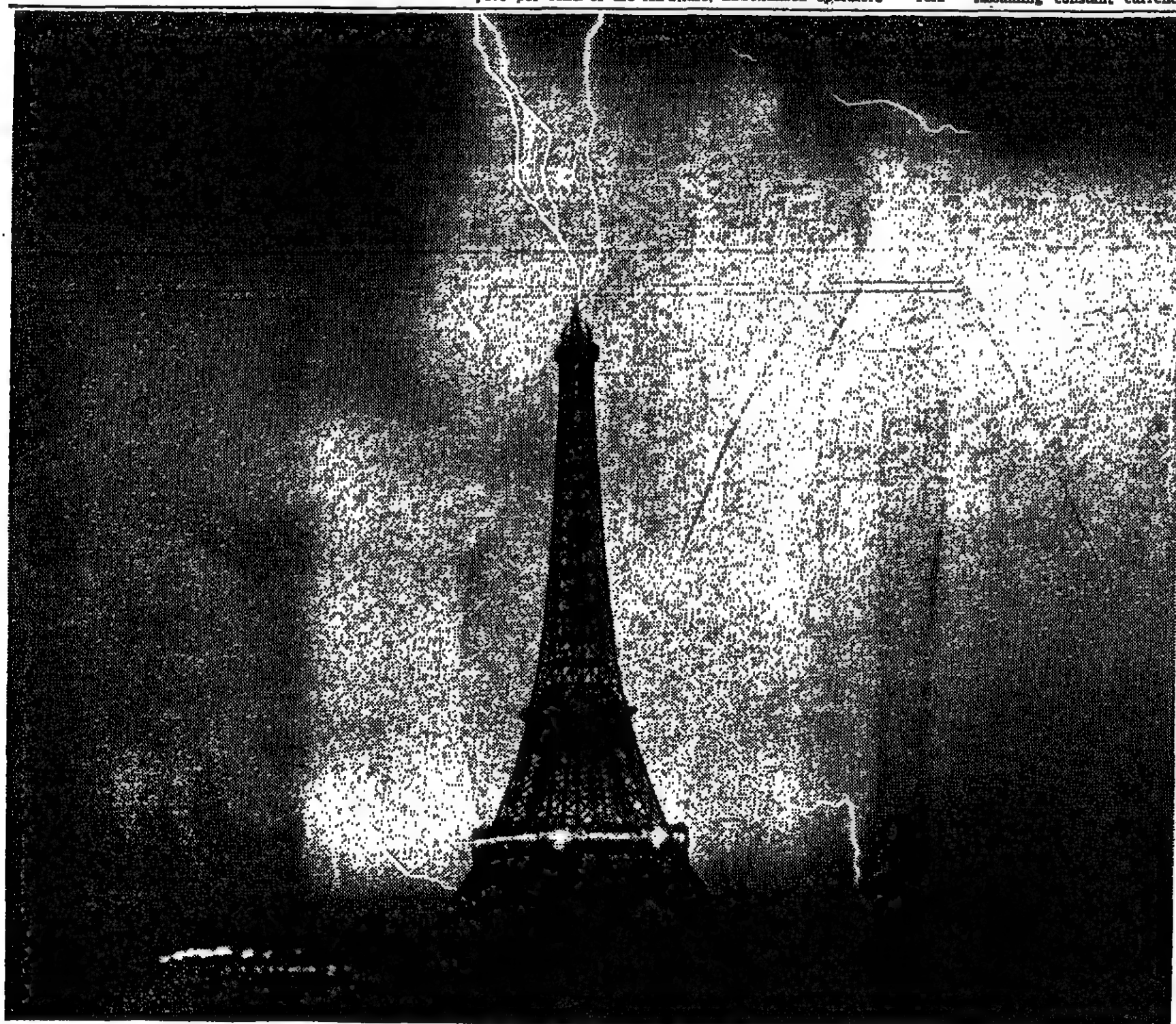
Reinsurance brokers have to be particularly concerned with the security of the companies they use. One point taken into consideration is the political situation in a company's country of origin. Naturally this is rather less pertinent where a company has set up a subsidiary with capital in Britain, and business is placed with the subsidiary. Apart from that, a broker has to be content that an overseas reinsurer's practices both domestically and in Britain are appropriate to its capital structure. Some reinsurers, for instance, are undercapitalised for the business they transact—and there are others not using their capitalisation to the full. Thirdly, the quality of a company's underwriting is all-important. Brokers usually support an acknowledged expert rather than an underwriter who follows the lead of others.

### Imprudent

Naturally too when considering security, a reinsurance broker takes into account whether short-term or long-term business is being placed, and would probably be imprudent for a reinsurer to place long-term U.S. reinsurance business with a reinsurer with a comparatively short record. Both in the direct and reinsurance sectors some brokers write business for pools of foreign insurers. Sometimes the argument is put forward that brokers should stick to broking. Certainly such an arrangement gives "power" to a broker when dealing with the rest of the market. A broker who has authority to write what may be a fairly large line has a strong weapon in his negotiations with other insurers. There are those who feel that it may not be in the best interests of the market as a whole for a broker responsible for placing a risk to have quite substantial underwriting power.

Then again, problems can arise with this type of arrangement, where, for example, it is alleged that a broker is securing business for insurers, has exceeded the underwriting limits imposed by the insurer. All in all, there is plenty of scope for mistakes and errors of judgment in the reinsurance field. Understandably, underwriters rely to a great extent on the brokers who place their reinsurances for them. There are plenty of reinsurance writers throughout the world with whom many British underwriters and brokers would not wish to place business. Some, serious financial problems could be relatively close at hand.

John Gaslee



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مكازم التحصيل



## INSURANCE BROKING V

## Active links with export cover

THE insurance broking role in the inter-play between customer and underwriter is what has become known as the "active" link. Such an active link is Industrial Mercantile Credit Insurance, a subsidiary of the Charterhouse group. Because of the amount of expertise (and costs) related to the credit field, many brokers prefer to deal with an additional intermediary when placing this type of business.

Most brokers define their operational role in the credit market as that of "salesmen." To understand this in its fullest sense it should be remembered that less than two-fifths of all Britain's trade with the rest of the world comes under the insurance umbrella of the ECGD and that this government organisation accounts for well over 80 per cent. of all credit insurance undertaken in this country.

## Message

Now much of the trade between Britain and the rest of the world comes under the heading of "optional" as far as credit insurance is concerned: shipments between the domestic and overseas operations of the same company are an obvious example of the sort of arrangement that simply does not need to be insured on a credit basis. But one clear message in the ECGD underwriting statistics is that a great deal of credit financing requires more insurance than is actually necessary under statutory regulations governing overseas trade.

To be fair, this is the view of the insurance broking industry, which has a service to sell in order to survive. But credit insurance is closely allied to risk management, being geared more to accounting and world trade levels, and in general does not overlap any of the main streams of insurance disciplines. As such, there is much to be said for the services of a specialist adviser.

In general, industry at large would seem to be satisfied with the workings of the ECGD. Working from 10 national branches (three of them in the capital), the ECGD's own sales force has largely adapted itself to the stresses and strains of the post-oil-crisis world with its uncertainty of economic depression coupled with high levels of inflation. Nonetheless, the insurance broking fraternity has always reckoned to be several jumps ahead of what it often likes to describe as the civil service approach to selling credit insurance.

## Peak

In 1976-77 the total value of exports, goods and services insured by the ECGD rose to a peak of £11.7bn, 40 per cent. up on the amounts insured in the previous year. Allowing for a rise in export prices this still represented a real growth of about an eighth on 1975-76. The other side of the underwriting coin though is claims paid. Last year the ECGD paid out claims to exporters a total of £61.7m, which was a striking 61 per cent. increase over the preceding 12 months.

But statistics underlining the growth of the ECGD are not the only aspect of the department's recent history. Of greater significance to the exporting community has been the determination over recent years to adjust the ECGD's policies in the light of changing patterns of world trade, and to adapt and simplify facilities to meet the ever-varying needs of industry.

Many recent changes in method have been concerned with the special problems of high value projects with long manufacturing periods—the background to many construction contracts. The department provides support for performance bonds, consortium insurance, pre-shipment finance and cost escalation cover to the best of its ability.

The ECGD has also been seeking to encourage exporters to finance major credit risks in foreign currencies. This has proved a success in the development bank to the export and is a sign of the progress in adjusting this new and complex trading background.

Jeffrey Brown

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Sour grapes.

## New life policy rates

ITS now 18 months since life policies with the payment of the premium-related commission for a further 30 per cent. in the second year. But if the broker established system of paying 30 per cent. for the second payment of the commission on the basis of the no renewal commission will be measured. Without a doubt payable after 20 years.

For annuities the commission is better off. No-profit whole-life policies may be right for many but probably more people were taking them than should have been. The cut in commission has taken some of the "cowboy" out of the market but it has not been without its damaging side effects.

Life companies are reporting a fall-off in whole-life business between 20 and 40 per cent. On average the fall is probably nearer a quarter. The fear is that some of the younger people who were being serviced with whole-life policies are now left in the cold. Whole-life policies have proved right for many people, so the fact that the attraction of servicing this area of the market has lessened may prove a major failure for the public, even if the life offices and the larger brokers may be happy to see it diminish in importance.

## Tempted

The spin-off from this state of affairs is that brokers may be tempted to let their newer and less-trained consultants take on the whole-life business of the young clients. It is obviously logical for a broker to save his "big guns" for more profitable work. This may not be a totally bad situation for the client—the young broker obviously has training and the requirements of the client are more than likely not that demanding. But it may prove to be bad news for the industry in the long run.

A young broker saddled with a disproportionate amount of whole-life business will see his commission suffer. The new consultant may have his work cut out to pay his way if he is stuck with too much whole-life business. Therefore established broking firms have a serious disincentive to expand unless they are aiming solely at the top end of the market and to a large extent ignoring the less profitable whole-life business.

Training new consultants can prove an expensive pastime. For example, Richard Cockcroft of Towry Law (Holdings) reckons that his firm could spend up to £100,000 on nurturing newcomers to the field.

Not surprisingly, brokers are putting forward arguments as to how their commission income can be bolstered. One possibility is differential commission for brokers, presumably at the expense of agents who, it is

argued, do less work for the same commission.

The brokers do seem to have a sound argument for some sort of renewal commission. At present the insurance company would not pay the broker a commission if the client switched within the single premium bond market. However, a client wanting advice when the time came to decide on a switching option, would automatically turn to the broker, who should offer advice but without reward.

The broker may well be paying fees for advice which is passed on to the client as to the right type of investment at the time of the switch option. Possibly he will have his own investment department. But whichever, the broker will be servicing the cost of that advice but perhaps not getting an adequate return. A fee charged to the client is a possibility—but brokers often turn cold at that suggestion.

Brokers offering investment advice is one of the signs of the time. More and more are they concentrating on investment rather than pure protection. Though they can claim, hold around 30 per cent. of the life market in value terms, the actual number of contracts their position is probably far smaller, as they concentrate on the top end of the market.

Eventually brokers will aim even more at a total financial package. All the better brokers now have a fair smattering of legal, tax and investment (including unit trust) advice at their finger-tips, even if it is not all in-house. As time goes on, this side of the business must expand because brokers are aiming at the top slice of the market. After several years of shattered confidence, people are thinking in terms of investing again and the brokers' service could be in demand once more.

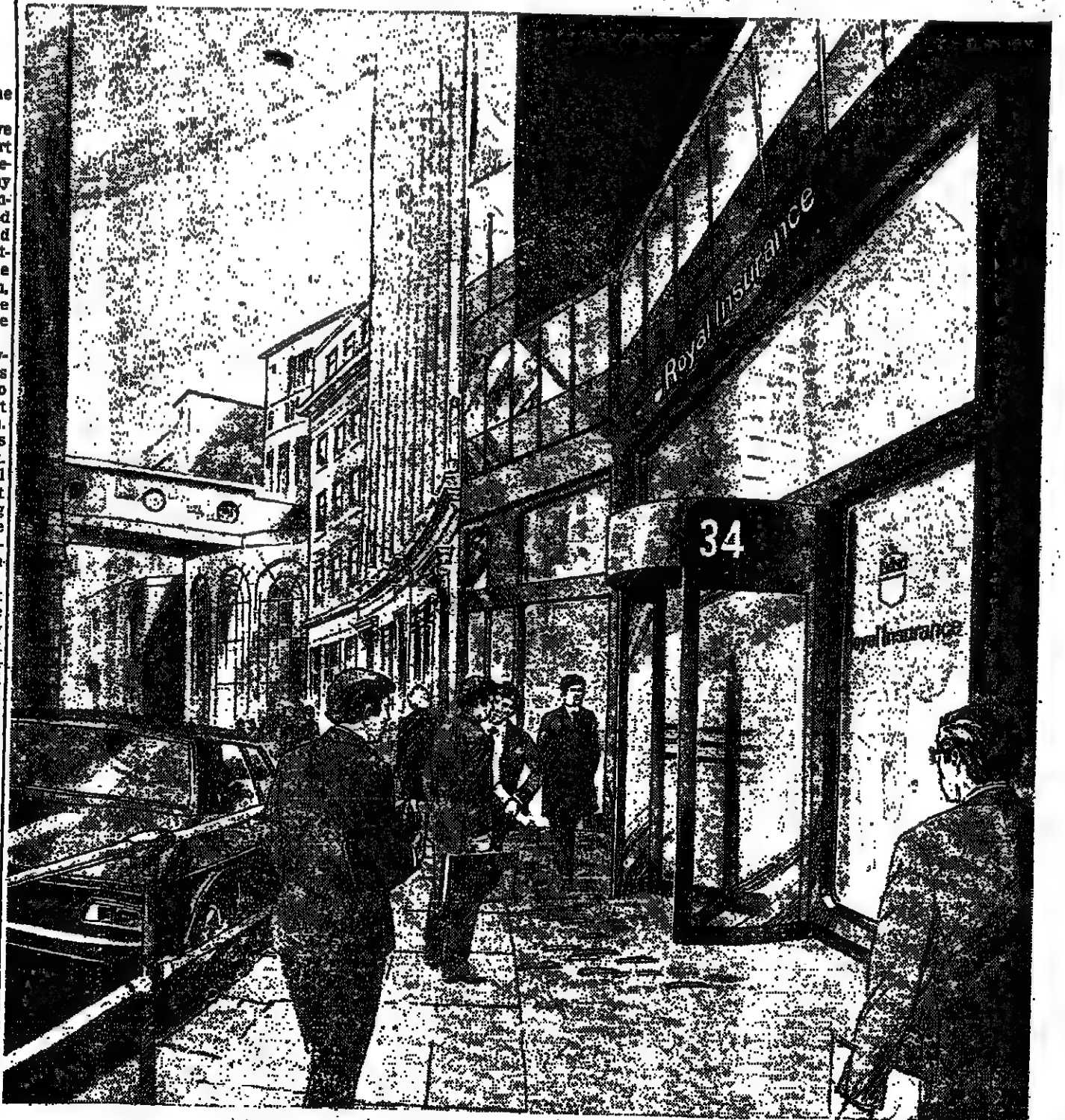
Towry Law reports its new life business to be up 40 per cent. on 12 months ago—though unhappily adds that profits will not be following suit. Nevertheless, brokers sound fairly encouraging about prospects. Mr. Poulton of Leicester brokers, Poulton York commented that the outlook so far as he is concerned, remains very healthy as public demand for more specialist service increases. Accountants and solicitors who as agents may account for as much as a quarter of life business, will probably pass more work the way of brokers rather than deal with it themselves, so the broker could be in a position to expand his market share.

Terry Garrett

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## INSURANCE BROKING VI

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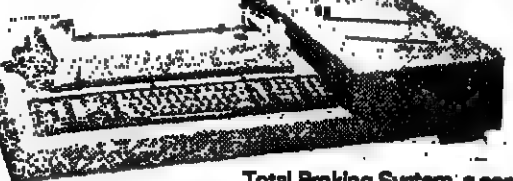
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## Pension consultants explore the next stage

FOR ALL THAT most British companies put off their decision to contract in or to contract out of the new State pension scheme until the very last moment, it has provided a great many people with a very great deal of work for a considerable amount of time. For individual companies that might have been an out and out nuisance. For the pensions consultant it has been a bonanza. And now that the whole thing is more or less sorted out, the question is, what do they do next?

Privately one or two of them will admit that it's a question that has been worrying them. It isn't that there's any shortage of work in the immediate future. On the contrary, consultants are likely to be quite as busy as they have been, or possibly rather more so, as the administrative details of the new scheme are worked out, and the gospel spread among the working multitudes. Over the longer term, however, there is more to be worried about. Whereas the new regulations called for a burst of looks at uniform activity, it who would still the consultant after must have business here the capacity to do will and former, much more so to his role.

As things stand at the moment, the pensions consultants have three areas on which to concentrate. In the first place, most of the decisions to contract in or to contract out have been made on an informal basis: all the documentation has still to be formalised. That, according to the process of educating

to Jeremy Cohen of Willis Faber, is going to be "a tremendous job."

In the second place the administration of pension schemes, particularly for those companies which have contracted out, will have to be "revolutionised." That revolution will certainly take in the introduction of new formulae for benefits, new procedures for the presentation of forms to the Department of Health and Social Security, maybe even the introduction of computer programmes.

### Administration

But some firms reckon that it can be taken much further, with all the administration of companies' pension funds taken over by the consultants for a fee. The insurance companies, they reckon, will not want to take on the work; and the companies, quite simply, will not be able to. It's a view which is to some extent disputed, though: others among the consulting fraternity reckon that the insurance companies will be both willing and able to take on all the work.

And last, but far from least, in fact, the most urgent job of all—there is the education of pension fund members in the workings of their schemes. Most people say that they have tended to neglect in the bustle of preparing to conform with new legislation, will, when it is resumed, be enough to keep them busy.

people into the benefits they can expect at a rather earlier stage of their working life can be seen as an extension of this process.

Everyone agrees that such education as has been done already has, on the whole, been pitifully amateur: witness the extremely widespread ignorance of the subject. So the techniques are getting very much more sophisticated, though the object of the exercise may be exactly the same. At least insofar as it's a matter of updating the firm's booklet on its pensions, this job should be out of the way within the next twelve months. Insofar as it's a matter of educating people in the circumstances they can expect in what might—with increasing longevity and the prospect of a reduction in the pension age—be a large part of their life span, it is almost literally going to be a lifetime's work.

Which is all well and good, but it still means that there are likely to be highly trained people retained by the consultants who—in a year at the outside, in all probability—will find themselves with too little to do. Everyone agrees that the incidence of "new" new work is from now on likely to be extremely low. So the question is going to be, whether the normal consultancy work which people say that they have tended to neglect in the bustle of preparing to conform with new legislation, will, when it is resumed, be enough to keep them busy.

That normal consultancy work who have recently made the

choice between becoming contracted in or staying out, ever by no means committed for ever to that course. Companies' circumstances change, they believe, sufficiently rapidly to provide work in advising on the changing policies to be adopted under such changing circumstances. It won't be a very great volume of work, but it will be enough to employ some of the staff built up within the boom years.

And finally, there are the areas of pension work which have been neglected over the past three or four years, while companies, and their pension funds accustomed themselves to a radical change in the ground rules. In particular, there is some restructuring of employee benefits still to be provided; and in some cases the investment policy of pension funds requires a complete overhaul. Now this is not the sort of business which provides bread and butter for a very large number of people; but it does provide a certain degree of work, and it does provide a certain degree of optimism. Some of the large are even planning to take staff this year.

Adrienne Glees

### Antony Gibbs, Sage Ltd.

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## Developments in EEC lack momentum

The U.K. insurance industry has been enthusiastic about harmonisation of all insurance matters ever since Britain joined the EEC. The insurance brokers were keen to see all barriers between member countries removed. They looked for complete freedom so that a U.K. broker could place, say, a German insurance risk anywhere within the EEC. But progress towards this ultimate goal has been painfully slow.

The reasons do not lie in any lack of endeavour on the part of U.K. or Continental brokers. But to harmonise radically different insurance operations and methods of operation of insurance intermediaries has proved a far tougher task than originally envisaged.

A transitional directive for insurance intermediaries has been adopted which prescribes for intermediaries to trade on both an establishment and a services basis within the member countries of the EEC. This is being done by providing for mutual recognition between the member countries of standard qualifications for intermediaries.

This means that a broker can set up in any member country and be recognised by the authorities as an insurance intermediary and transact insurance business for clients

established in that country. But he will still have to abide by the legislative requirement for placing insurance business, which may well impose the requirement to have the insurance underwritten in the concerned country. He may well be prevented from writing the business across national frontiers. For instance, a U.K. broker could not place a risk back at Lloyd's.

Other countries have, for many years been, far more advanced in regulating the activities of insurance intermediaries in their countries. In those, unlike in Britain's, no one can just set up as an insurance broker or even a direct insurance salesman without fulfilling minimum educational, experience and other qualifications. The moves to regulate insurance brokers in this country will bring it in line with other European countries. Brokers will need a certificate issued by the country of domicile in order to operate in other countries. In Britain, this will be issued by the Department of Trade, possibly in conjunction with the Registration Council.

This transitional directive provides that subject to intermediaries having the necessary

qualifications, they must be permitted to establish a presence in the member country or provide a service. The directive is expected to come into force early next year, and will be effective until such time as there is total co-ordination of the insurance industries in the EEC.

So the directive comes into operation automatically, even though there are one or two countries that have shown reluctance to allow brokers into their country, where previously broking as understood in Britain did not really apply. In practice the benefits of this directive are fairly minimal and finalise a situation that already existed. U.K. brokers wanting to operate in Europe could always do so either by setting up a subsidiary or going into partnership with a local intermediary.

Complete freedom will only come when insurance risks can be placed anywhere within the EEC. Then the insurance broker will be able to operate in the best interests of his client. There is a services directive in being but it has become completely bogged down because it does mean a complete change in attitude towards insurance operations by the authorities. There is an establishment directive which enables insurers to set up subsidiaries in a country. But it has to abide by the legislative requirements of the country which may impose the obligation to underwrite the risk on premium rates determined by the authorities.

But until there is freedom of services, so that brokers can place business anywhere in the EEC, then a common market in insurance will not be achieved and brokers will be doing little more than at present.

The reasons for delay are varied and were spelt out in detail in January by Mr. Christopher Tugendhat, member of the EEC Commission, when he spoke at the Insurance Institute of London. The first major cause of delay is a bureaucratic one—the procedures adopted by the Commission for scrutinising and discussing directives, which have now been sanctified by the passage of time. Part of this procedure appears to be that the texts of the directive are scrutinised too often by the same people acting in different capacities—first by the Council's working group and then by the committees working group. Not surprisingly, this double examination is time-consuming, and in a field as technical as insurance it is staggeringly so.

But the most important cause of delay is the real reluctance of certain countries, notably France and West Germany, to open up their hitherto protected domestic insurance markets to

outside competition any more quickly than they are obliged to. They have no experience of international insurance competition and they apparently do not want it unless it is absolutely inevitable. These countries fear competition, understandably, since they have never had to face it and prefer to hasten the day as slowly as possible. In Community matters progress is at the pace of the snail.

All these delays must be galling to insurance brokers, since this subject is primarily the province of insurers. But despite Mr. Tugendhat's recent attack on the delays and a demand for a speeding up of insurance brokers do not expect a real breakthrough in a services directive for some years. The differences in operations between the insurance industries in various countries are too great to allow speedy harmonisation. Not only is there difference in the control exercised by the insurance authorities; differences in taxation and investment return equally lead straightaway to variations in premium rates charges for the same risk.

One fact now being accepted by British insurers is that harmonisation of insurance is unlikely to come about until there is a complete monetary union. Then a common tax system and freedom of investment would enable a common system of insurance to become more feasible. The U.K. insurers are beginning to feel that it is not possible to have a common insurance system independent of a common money system. Meanwhile, insurance brokers can only operate within the framework already achieved.

Eric Short



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Tuesday, March 21 1978

## Reforming the Lords

IT IS by no means certain that the future of the House of Lords could be an issue in the next British general election. The last Labour Party Conference, after all, voted in favour of abolition of the Upper Chamber by an overwhelming majority, and although that has yet to be translated into the Party's Manifesto, it may not be such a vote does not give the Tories a chance of heart, and would prefer, as Lord Hailsham once put it, an "effective dictatorship." It is therefore useful that the Conservative Review Committee under the chairmanship of Lord Home has now put forward some ideas of its own.

## Tentative

To refer to the "recommendations" of the Home Committee would be to put it a bit strongly. The report is more an analysis which reaches a few broad conclusions. It starts from the premise that "at best the present House of Lords faces gradual but relentless atrophy; at worst it may be swept away by a Government impatient of the modest checks it imposes on the passage of legislation." It argues that a unicameral legislature is undesirable, and that some kind of revising second chamber is necessary. But it warns that this cannot be assured by relying on the status quo, for either atrophy or the pressure for abolition, or both, will continue. Therefore it suggests putting new life into the Upper House by introducing an elective element. It discusses a House of Lords composed entirely of elected members and one based on a combination of election and nomination, and comes down, somewhat reluctantly, in favour of the latter.

There are one or two other miscellaneous conclusions—such as a call for a new Mediation Committee which would seek to resolve differences between the two Houses of Parliament, and for the separation of the honours system from the legislative responsibilities of the House of Lords. But, for the rest, the Report is pretty tentative: its basic message is that the Upper House needs to be reformed in order to be preserved and that there are all sorts of possible ways of going about it.

There is every reason to agree

## Labour unrest in Germany

A TENTATIVE settlement has been reached in one of West Germany's two major industrial disputes. In the printing industry employers and union leaders have agreed on a compromise formula which, it is hoped, will put an end to weeks of strikes and lock-outs. The agreement, covering pay and manning levels for printers as new newspaper technology is introduced, is not totally satisfactory for either of the parties, and could still be rejected by the rank and file in the printing union. Nevertheless, both sides were confident yesterday that newspapers would start reappearing for the first time in six days.

## Metal-workers

The newspaper industry's problems, however, are due to other factors than pay claims and are not typical of those of industry as a whole. Much more worrying for the West German economy is the continuing dispute in the engineering industry, which seemed yesterday to be even further from solution. Following the failure of weekend negotiations for a new contract for striking metal-workers in Baden-Wuerttemberg, a lock-out has gone ahead at 70 major plants. Metal-using industries will be the first to suffer from the dispute's side effects. Volkswagen is now saying that shortage of materials will oblige it to suspend production if a settlement has not been reached in ten days' time and has announced plans to introduce short-time working as a precautionary measure.

But the broader consequences of the dispute in the engineering industry could be much more far-reaching. Most West German workers are currently negotiating new wages and working conditions, and all eyes are on the metal-workers, the traditional pace-setters. The current round of wage demands is viewed with particular concern by the employers, who have seen profits continually eroded by greater competition from imports and the relentless climb of the D-mark against the dollar.

with the premise that a second chamber is necessary. It is essential to be able to take a second view of proposed legislation, especially on constitutional questions, and to have delay-making powers. Indeed, the present procedure is probably inadequate, as the arbitrary manner in which the Disolution Bills have been treated has shown. Finally, if the House of Lords is to be reformed, it will have to be a favour of an "elective system" where there is no other credible direction in which to go. Yet the problem of a reform raises a host of questions which the tactfully-dilute has—perhaps

There is a case for electing the Lords, as indeed the Lower House system of proportional representation. The Report accepts it, but for the curious reason that a different method of election would be necessary in order to prevent the second chamber from "replicating" the composition of the first. And yet if the elections to the Lords took place at different times from general elections, and especially if the elections were fixed-term, that condition would not be satisfied. Indeed, it would be a method. We should have moved, in fact, to something like the U.S. system of mid-term elections. Once that began to happen, it is hard to see that there would not be some shift of power back to the Upper House. Indeed it is odd that people who argue in favour of direct elections to the European Assembly on precisely the grounds that they would increase the Assembly's powers do not draw the same conclusions about direct elections to a British Upper Chamber. It is no less odd that the Report should short of recommending direct elections for all members.

## Isolation

Lord Home notes in his preface that even some members of his own Committee thought that it was impossible to discuss the reform of the House of Lords in isolation from other constitutional issues. His Report will be of some value if it draws attention to that fact. Meantime, there remains the question of how to put reforms through the House of Commons, if those reforms would limit the Commons' powers.

Industries ranging from tyres to textiles to chemicals have suffered heavily, and many plants are working at 75 per cent or less of capacity. Parts of the metal-working industry, however, are if anything in an even worse state. If the metal workers win a generous settlement, unions in other industries will be bound to argue that if the engineering industry can afford big pay rises, so can their own employers.

The leaders of the metal-workers' union also probably feel the need to demonstrate to their members that they have their interests at heart by taking a tough line. As senior union officers have been drawn closer to the boardroom through worker participation, the gap between the leadership and the rank and file has widened. At the same time, however, the problems in key sectors of the economy have heightened the average worker's awareness of the need for firm union action to protect his interests. Against a background of historically high unemployment and uncertainty over the future, many German workers seem to be attaching greater importance to immediate cash benefits, and job security undertakings, than to the increased social benefits that employers have offered in the past to top up wage awards.

## Job security

The actual sums involved in the metal-workers' dispute are not enormous, and the gap between the two sides has now narrowed to around 1 per cent. Negotiations of new job security guarantees may prove harder. German industry has not remained immune from the effects of recession, even if it is still coping better than nearly all its West European partners. The current unrest is a reminder that West Germany, too, will come under pressure as labour-intensive industries move to other areas and those that remain become increasingly capital—or knowledge-intensive in the years ahead.



M. Chaban-Delmas: premier potential.



M. Barre: premier triumphant.



Mme. Veil: premier potential.

## Giscard: the nobbled victor

By ROBERT MAUTHNER, Paris Correspondent

YOU CAN'T FOOL all the people all the time: that is the great lesson of the French general election which, contrary to all forecasts, led to the victory of the incumbent Centre-Right coalition by a more than comfortable majority of 90 seats.

If the French people have opted a snook at the public analysts and at the political eve of this which up to the final result put them in the biggest predicament, the final result puts them in the third position, well behind the Gaullists and the Giscard-Contrist alliance.

The results of the elections in the early spring of 1978 and the municipal elections a year later, showed that the Left had the necessary support in the country to win the election. But the Gaullists and the Communists threw it away by their suicidal quarrels during the last year, and by adopting a programme which was far too radical for the taste of a population which had already achieved a comparatively high standard of living under Centre-Right Governments.

"History will judge who was responsible for the defeat of the Left," a disillusioned M. Francois Mitterrand, the Socialist leader, said yesterday after conceding defeat. For all intents and purposes, history and M. Mitterrand have already done so. The Communist Party, in an effort to maintain its own position and to guarantee that a Left-wing Government would pursue what it considered as genuine "socialist" policies, attempted to force the Socialist party to swallow too much.

The conclusion to-day must be that the Communists knew well all along that their tactics would probably destroy the Union of the Left. But if they were courting disaster in one respect, they were at least making sure that they would not be swamped by the Socialists in the election. In the last resort, they were much more interested in preserving their strength in the country than in coming to power as junior partners in a Government dominated by social democrats.

This limited objective has been attained. The Communists polled 20.5 per cent of the votes in the first round, only one percentage point less than in the last general election in 1973, and picked up 14 additional parliamentary seats in the final ballot. But the Socialists polled only 22.5 (24.8 together with their Radical allies), much less than forecast. Though they confidently expected to emerge as the biggest victors, they were in the final result put them in the third position, well behind the Gaullists and the Giscard-Contrist alliance.

The debates within the Socialist Party during the next few weeks are therefore likely to be bitter and divisive. There is clearly a possibility that the party will break into two, though M. Mitterrand will do his best to prevent so drastic an event. In the short run, however, it appears unlikely that the Socialists will succumb to President Giscard's siren call.

It is probable, therefore, that the President will have to look for another solution, which can only be a variation of the outgoing coalition. But the emphasis would be different, since his own supporters, the new Union pour la démocratie française, an alliance of the Gaullist, Republican Party and the Contrists, has established itself as a group almost as powerful as the Gaullists. In the new National Assembly, the UDF will have 187 seats compared with the Gaullists' 145, thus giving the President some what more room for manoeuvre than in the old parliament.

The choice of Prime Minister will be of vital importance, for he must have Gaullist approval. No doubt, President Giscard would dearly like to re-appoint M. Raymond Barre, who has not only proved to be an efficient economic administrator but, much more surprisingly, has developed into a formidable political figure, whose energetic electioneering astonished most observers.

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Doing so would, however, ignore the fact that nearly half the population voted against the Government in the first round of the election, which is generally considered to be the barometer of the voters' real feelings. The French may not like fundamental change, as the result of the election has conclusively proved. But they are convinced that if the Socialists come to terms with President

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switched his support to M. Giscard d'Estaing in the second ballot of the last presidential election—may also be considered a negative factor by the President, who will still have to rely heavily on Gaullist support in the National Assembly.

No one, however, knows exactly what is in his mind. Lacking any precise information, the futurologists have come up with a number of possible candidates, ranging from Mme. Simone Veil, the health minister in the outgoing Government, to M. Jacques Chaban-Delmas, a Gaullist and Prime Minister under President Pompidou, and M. Alain Peyrefitte, the Justice Minister.

All have some of the qualities that President Giscard is looking for. Mme. Veil, according to the battered opinion polls, is the most popular political figure in the land, thanks largely to her authorship of the abortion and birth control reforms adopted in the early days of M. Giscard's term of office. She is also an unconditional supporter of the President, which can only help her chances of becoming premier.

M. Peyrefitte, though theoretically a Gaullist, is much closer in his way of thinking to President Giscard than he is to M. Jacques Chirac, the Gaullist leader. Author of a best-selling book, *Le Mal Français*, which exposed many of the shortcomings of modern French society and attitudes, he could be relied upon to carry out the kind of social reforms which the President has in mind.

In spite of all the emphasis that was laid by M. Barre on bringing inflation and the balance of payments under control before moving into a new expansionary phase, the new Government can also be expected to relax some of the current austerity policies. It can be argued, no doubt, that the impressive victory of the coalition showed that the electorate was not taken in by over-generous economic and social promises from the Left. The warnings of M. Barre and other government leaders that immediate massive increases in the national minimum wage and social security benefits could only be financed by doubling taxation and would lead to galloping inflation and serious balance of payments problems, certainly appear to have had an effect on the voters.

That does not mean, however, that the outgoing Government's economic policies had met with general approval. The virtual freeze of purchasing power over the last 18 months, the high level of unemployment, still well above the 1m. mark, and in the case of industry,

price controls, were all serious subjects of complaint which new administration has to ignore at its peril.

According to one school of thought, the election victory of the government parties automatically produces a "boom" investment which will put the percentage growth rate of 3.5 per cent... freeing the economy from any need to take further expansionary measures. Other experts are much less sure that this will happen given the slack international economic climate of weakness of demand.

It seems likely, therefore, that the new Government will give a modest stimulus to expansion by adopting a more flexible wage policy without, however, abandoning its basic economic stabilisation strategy. A new government can also be expected to renege on its promises to the Gaullists for the implementation of which the Gaullists had to support the President's policy.

The Gaullists' support any measures to stimulate the economy is assured, since this was one of the main planks of their programme during the election campaign. But Chirac's party, which has new President Giscard's particular brand of liberalism, is likely to resist his freedom of action in the fields.

Though the President's support in the National Assembly has been strengthened, the new UDF group cannot act in isolation and is still condemned to work in tandem with the Gaullists, as long as the Socialists cannot be induced to co-operate. Nor will things be made easier if M. Chirac, who seems likely, decided to run for the presidency against M. Giscard d'Estaing in 1981. If the President fails to achieve his much-desired overture to the left, he will, to a very large extent, remain M. Chirac's prisoner.

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## Breaking the alliance

New... to shake again are they likely to progress themselves to a coalition which allows the Left flexibility to adapt itself or no to a given economic policies once in power. Any arrangements with the Communists in the future will be much looser, if they are made at all. M. Mitterrand, a loser in so many parliamentary and presidential elections, is now faced by the stark choice of maintaining his ties with the Communists or of breaking up the alliance and coming to power by other parliamentary coalition building.

He knows that President Valéry Giscard d'Estaing, who has conclusively proved his point that the French people basically want to be governed "from the centre," would like to bring the Socialists into a "new Centre-Left Government." But can he make an about-turn so quickly?

The Socialist leader has his own difficult party to contend with. It has a powerful left-wing representing about 25 per cent of the membership, which is strongly opposed to any compromise with the parties of the Centre and Right.

There is another argument which must give the Socialist leader pause before he decides on any fundamental change of direction. Many influential members of his party are convinced that if the Socialists come to terms with President

Giscard they will again be condemning themselves to playing a second fiddle within the Left. Disillusioned Socialist voters, according to this thesis, will tend to turn to the Communists as the only party representing left-wing purity.

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## MEN AND MATTERS

## Clipping some insurance wings

A great deal of publicity, rather unwelcome for some, is currently being directed at what the insurance world calls "clip-board selling." This is the technique whereby you are stopped in the street—usually by a comely young woman—and asked a string of seemingly irrelevant questions about inflation and its effect upon your living standards. All innocence, you give your name and telephone number: from then on, the hard sell starts.

By the number of journalists who have quite by chance been solicited to take out life insurance in this way, the clip-board girls are thriving. After a BBC producer, Mark Rogerson, had been approached near Broadcasting House, by Milford Investment Brokers (part of the Schlesinger Group) a programme was devoted to the technique by Money Box, the weekly magazine of Financial World Tonight. This has evoked a sweeping condemnation of clip-board selling from the Life Offices' Association—"We are totally opposed to it"—and a declaration by the British Insurance Brokers Association that it wants to have the method outlawed by a code of practice.

More recently, a colleague at the Financial Times was accosted in London's Victoria Street by a girl employed by the insurance brokers Berkeley Walbrook—about whose staff I have written in *Nightjar* vein because of their predilection for jogging. Soon afterwards, having deliberately "taken the bait," my colleague was telephoned by one of Berkeley Walbrook's consultants, Brian Bissel, and given a strong selling routine.

The Life Offices Association says it wants to know of instances where policies of

through Schlesingers. According to Woodhouse, emotional objections to the clip-board girls are "totally subjective." I asked him if he thought the method should be made illegal. After a long pause he said he saw no reason why it should.

## Kitchen kitsch

The pot of gold, that fabled Irish institution, is back in the news. In Co. Wicklow, or in Newtownmountkennedy to be precise, Metal Spinners (Ireland) Ltd., is actually making such things and—what is more—exporting them to the Arabs. Brian Butterfield, managing director of the firm, an offshoot of the Delta Metal Group, has just announced the first shipment.

One set, comprising three gold-plated, silver-lined, copper saucepans and a frying pan, were sent to a Saudi buyer who has handed over £870 for the privilege. Says Butterfield: "We got the idea after we heard the Arabs were buying gold-plated door handles."

## Real Courage?

CAMRA strikes again—or will do so at noon to-day. In the seven years since the Campaign for Real Ale was founded "its victories are legion," its spokesman, Roger Protz, told me yesterday. He and his team of eight claim to have made Watney, Mann and Truman turn their plans to phase out real ale upside down and, to have obliged Allied Breweries to start their "major success" Burton Ale. Now, Protz says, Courage are the most hostile of the Big Six breweries and CAMRA intends to tackle the company head on at to-day's AGM of its owners, Imperial.

Our readers might need reminding—as I did—that what

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Tanker safety and the Amoco Cadiz disaster

# Prevention and the cures

BY IAN HARGREAVES, Shipping Correspondent

ERLING D. NAESS, chair of the Association of International Tanker Owners, could have picked a worse time than last week to wage a battle on what he called the hysteria about oil pollution.

His fellow shipowners, in the unlikely setting of the Grand Hotel, at the headlining of industry's annual conference, were giving a distorted picture of the true position. They did not deny the fact that the Amoco Cadiz was a 24-year-old ship, but they insisted, and in any case 13m. tons were not every day for a ship.

Mr. Naess, too, ought to be in the industry's order for many years in seeking more effective pollution control. There have been 50 serious casualties among tankers over 150,000 deadweight tons in the years, in a 10-year total more than the Amoco Cadiz, but the oil huddling in the fractured hulls of the 1,000-ton Amoco Cadiz has shown that its argument is not too early.

It is too early to stage a section blame for the ground of the Amoco Cadiz. A court inquiry will certainly be held upon to go to the bottom of the disaster. What is commented, however, is the extent to which industry's ability to deal with such a disaster has moved since the futile attempts to contain the Amoco Cadiz's cargo into extinction 12 years ago. Also ripe for assessment are the numerous compensation arrangements available to the victims of pollution

and the extent to which tanker owners themselves are to blame for the level of accidents, however low.

To deal with the last point first, there is no evidence to show that tanker accidents become more likely as ships get bigger—in fact U.K. Department of Trade figures show that the percentage of loss rate for tankers over 150,000 dwt., at 1.82, is slightly better than that for the smallest class of vessels, at 2.51.

The figures do show, as one would expect, that serious incidents become slightly more likely as the age of a ship increases. The U.K. figures for 1968-75 show serious casualties among 2.7 per cent of tankers over 15 years old, compared with 1.6 per cent for vessels below four years.

But neither set of figures really provides justification for any sweeping claim about how the accident figures as a whole could be reduced.

**Liberian flag**

One other argument in fairly common currency is that flag of convenience is to blame. The chief target for these accusations has been the flag of Liberia, a target rendered even more vulnerable by the fact that the Amoco Cadiz—the two American super-tankers which collided off South Africa in December and the Argo Merchant, which grounded off Nantucket just over a year ago—is Liberian.

These recent accidents will almost certainly take Liberia back to the top of the annual marine casualties league, but Department of Trade figures over a longer monitoring period show Greece's record to be worse than that of Liberia. The only likely clue to the casualty problem in an analysis of performance by flag, relates to two factors: the actual physical condition of the vessel and the quality of the crew.

In the case of the Argo Merchant, the court of inquiry found an appalling scene with a malfunctioning compass and corroded equipment. But that ship was 24 years old, way beyond the industry norm, and 20 years older than the Amoco Cadiz.

The question of crew quality is much less tangible, although almost everyone concerned with the problem of tanker safety agrees that it is the critical one. A number of factors are blamed, from the seafaring tradition of no one questioning the captain's decisions, even when they appear to be wrong, to the inadequacy of training establishments in certain countries.

What is probably not fair is the suggestion that only the flag of convenience countries have a training problem. There is much criticism within the industry, for example, of the U.S. system of labour pooling among seamen, which foreign shipowners say destroys continuity of operations on their vessels and prevents them making their own selections based on experience. Another area where there is scope for improvement concerns the inspection of ships and their officers' certificates. Forgeries are not uncommon, but are not usually too difficult to detect by qualified inspectors.

All these matters will be the subject of intensive discussion

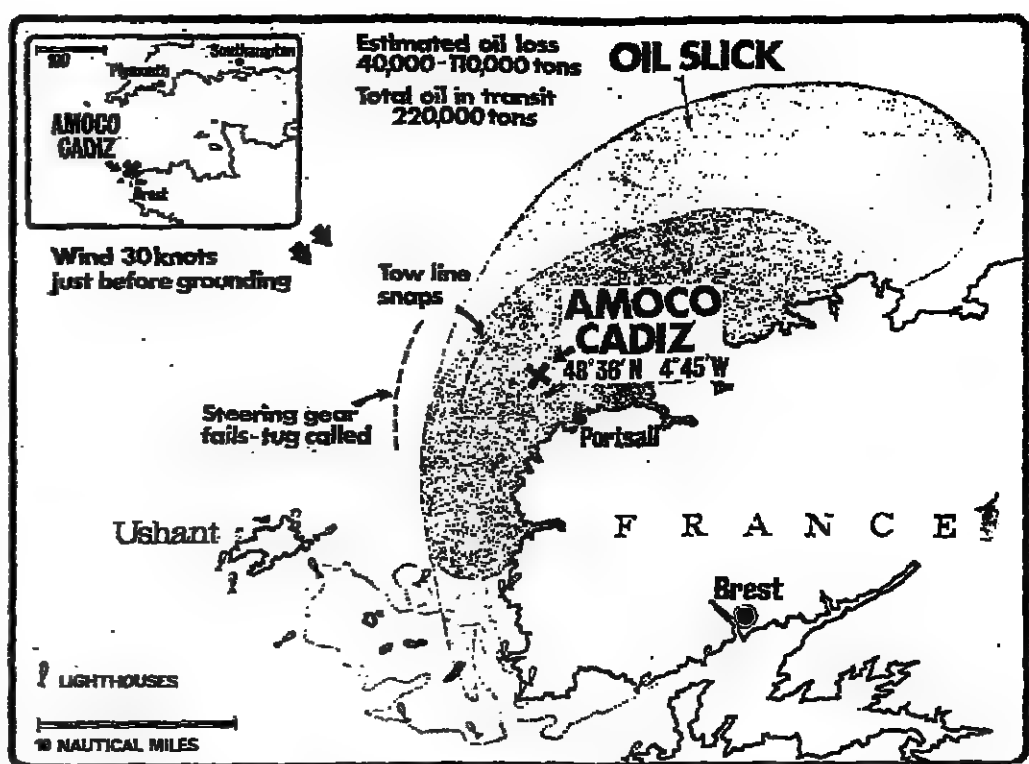
at a conference of the United Nations maritime agency, IMCO, this summer, but it is clear that the road to progress is long and slow.

Of more immediate concern to the French authorities seeking to save the Brittany coastline from even greater devastation is the best method of dealing with the oil. Because of the recent experience of the Ekofisk blowout, the British authorities, five of whose vessels are currently in service beyond the industry norm, and 20 years older than the Amoco Cadiz, are well versed in possible methods of action.

The biggest improvement since the Torrey Canyon has been a large reduction in the toxicity of the chemicals used to disperse oil slicks. At the time of that disaster, chemicals did as much if not more harm to marine life than the oil itself, but the new products are reckoned to be one thousandth as poisonous as those sprayed on the Torrey Canyon's oil.

The technique is for spraying vessels to work from the edge of the slick, spraying a compound containing a solvent and a surface active component which causes the oil droplets and prevents them adhering to each other. Thus, with the aid of wind and tides, the slicks are broken up.

The second basic method is to attempt first to corral the oil into thick ponds and then lift it by some sort of skimming or suction device, of which there are now dozens of designs in the market. During the Ekofisk clean-up, one of these designs, that of Mohb of Bergen, proved it did have the ability to adapt



to something beyond a millpond seabed, but most experts regard the skimming concept as being of very limited use in the kind of sea conditions usual around Britain.

Another curious technique, that of casting polystyrene blocks on the oil in the hope of blotting it up for future collection, was tried by the French in the early stages of their fight against the Amoco Cadiz's cargo. This was more a bid to demonstrate concrete action than a serious means of challenging pollution. The polystyrene blocks will probably prove as difficult to recapture as the loose oil.

When the immediate battle of the sludge is over, the thoughts of the people of Brest are likely to turn rapidly to questions of compensation and it is here that most progress can be reported—much of it a direct result of Torrey Canyon.

Tanker owners, prompted by governments, responded to the evidence of absence of any large-scale compensation agreement under their scheme to \$16.8m. and therefore to increase further the total involving CRISTAL to \$36.8m. CRISTAL itself should eventually be covered by a mandatory IMCO scheme known as the 1971 Fund Convention, which proposes an international fund on the CRISTAL model, but which has not yet been ratified by sufficient governments.

So the law and practice on compensation is now much tighter than it was in 1967 and both TOVALOP and CRISTAL have shown themselves able to make prompt payment. No one can say what would happen, if

as is presumably conceivable in the case of the Amoco Cadiz, or their insurance, to \$16.8m. This has made TOVALOP in a sense redundant, although the owners are keen to see the compensation system continue to operate through the International Tanker Owners Pollution Federation. Owners met yesterday to consider increasing cover under their scheme to \$16.8m. and therefore to increase further the total involving CRISTAL to \$36.8m. CRISTAL itself should eventually be covered by a mandatory IMCO scheme known as the 1971 Fund Convention, which proposes an international fund on the CRISTAL model, but which has not yet been ratified by sufficient governments.

Systems of co-ordination can be improved as they will be between Britain and France when the Manche Agreement on exchange of information and expertise is signed shortly. But when an accident occurs on the scale of a supertanker grounding, even the most optimistic and ambitious of politicians or oil technologists realise that there is little he can do except wait for nature's action to wash the consequences away.

## Local authority reorganisation

The Chairman of the South Council Association, Mr. J. R. Freeman, has written to the local government reorganisation of 1974 was wrong. In many ways it has been a disaster, and the new authorities have continued to develop the wide range of local government services not standing the icy financial state of the past few years.

He bland suggestion to transfer education and social services to county district councils is not supported by any argument, or even suggestion, that the role of this country would be better served; this is understandable because clearly it is not shown. Even the Association of District Councils has asked for the transfer of the education function to any of the local authorities, and the transfer of either education or social services is opposed by those who administer these services, including the education officers and the local workers.

A situation and experience in local government may differ from that elsewhere, but what is now being done by local government in the rest of the country, and by public it serves, is a period of lull. The majority of those who are enough of change, and the thing they want is a further upheaval; they should now be allowed to get on with the job.

Elizabeth Coker, 14, Great Square, S.W.1.

## ride in owning

Mr. S. Ashmore, Farmer Cherrington, has been impressed by arguments for a need of two-tiered or farmer capital structure in agriculture (March 17). He does the second half of the article not convince him that tenant farmers have considerable advantages over owner-landlords.

He does a working farmer 150,000 to buy 500 acres of arable land. He believes this to be a viable minimum for viable to-day—against 100-150 30-40 years ago. The reason for the high cost of modern agricultural machinery and the need for each individual farmer to have all his own under his absolute control, £100,000 capital, a working farmer has a sporting chance of exceeding 500 acres at a viable rent. But he will lack of ownership in his land, cause of that one factor I with John Cherrington that landlord/tenant system is or Ashmore, 1 Hill Park Avenue, Ebbw Vale, Co. Dagen.

## lowly going

The Chairman, Distributors, in the interest of saving the drive towards centralisation I must dispute statement made on March 18 that the trade in metric screws is better than in the Imperial. Your Industrial Correspondent, Kenneth Gooding, from a report produced by W. Whitely and I challenge accuracy of it.

We are the facts based upon the monitoring of our 10 industry over the past

## Letters to the Editor

three years and I hope a little more. It will be a pity if the pendulum will be swung in any differentiating between screws and bolts. The move towards metrication slowed down in 1977 and the fast gallop of 1973 and 1974 has reduced to a slow trot, as these figures illustrate.

International Organisation for Standardisation of metric sales of fasteners as a percentage of total:

Year	%
1973	33
1974	37
1977	39.5

Our statistics reveal the following:

Imperial	Metric
Machine screws	88.5
Steel nuts	81.0
Bolts	50.0
Of all fastener products	60.5

It is interesting to observe that when the BSC adopted the ISO metric standard the conversion was accomplished within a decade, but we still remain locked into an expensive "in-between" stage.

As the U.K.'s largest distributors of fasteners, nationally based, and supplying all sectors of industry from a stock of 48,000 different types, our information base has a credible foundation.

E. G. M. Gribb, 38, The Green, Banbury, Oxon.

## On the backs of the workers

From Mr. J. Rutherford, Sir—Mr. Nottage (March 17) makes the point that a pay-as-you-go pension scheme is largely inflation proof, in contrast to a funded scheme. The truth of this statement could be argued, and I am sure it will be by many fund managers. But the important point is that the rate of contribution to a pay-as-you-go scheme will only remain static if total pensions stay the same as a percentage of the total wage bill.

The age structure of our population, however, and the current low birth rate means that the ratio of pensioners to working population is increasing and will continue to increase for the next 20 years at least. Thus, to increase pensions at the same rate as wages the rate of contribution must be steadily increased. This will not happen in funded pension schemes.

It is a case of "you pay your money and takes your choice" as wages the rate of contribution is inflation proof but not both. Unfortunately, under present legislation, the full choice is not left to those who pay the money.

John Rutherford, 14, Great Square, S.W.1.

## Solicitors are speedy

From Mr. A. Roper, Sir—It may come as a considerable surprise to you and your readers that from my experience of conveying over many years I find that solicitors generally are among the fastest moving members of the business community.

Obviously there will be the odd exception, but the truth of the matter is that the delays in conveying are almost always attributable to local authorities, building societies, insurance companies and others with whom solicitors have to deal and particularly in the issue of local land charges searches and mortgage offers. A single delay by one of these in a chain of transactions holds up progress throughout the chain and unfortunately the clients and the public get the impression that the solicitors are slow. In contrast,

## Energy unity

From Mr. N. Jenkins, Sir—It would appear from development of this theme in his letter (March 14), Mr. W. L. Wilson is not totally disagreeing with the suggestion of a unified energy industry. His further suggestion to me is one I entirely agree with, a small, decentralised organization (preferably in multiple, each responsible for its local energy generation and distribution) dependent on a centre for high technology and financial disciplines. It is this central core of expert, independent, impartial and, may one say it, dedicated, energy authority that is completely lacking. Where we should have agreement we have disagreement.

Mr. Wilson takes the analogy of the armed forces—an extremely apt one. The internal disagreements between Navy, Army and Air Force were public knowledge and the cause for some concern—before, during and after World War II. The centralised defence department has gone a long way to remove the effects if not the causes of disagreements.

It would be foolish indeed to read into any advocacy of a centralised direction for the energy industry the loss of identity of any one of the four. Honest men of all persuasions must surely be convinced, whatever their present personal and limited loyalties that a resolution of conflict by an informed, authoritative, completely independent and impartial body evolving centralised policy would be vastly better than the present very sticky impasse. What is better than an energy council?

Could I please draw the attention of Mr. Wilson and others of a like mind to the piece by Ray Daffer elsewhere in your issue of March 9 where Mr. Anthony Wedgwood Benn is reported planning energy changes of most remarkably coincident character.

Norman Jenkins, Whitehill, Epsom, Surrey.

## Women at home

From Mr. P. Taylor, Sir—Eric Short points out (March 11) that women who spend time at home after April 5 looking after the family will not get the time as spent credited towards their state pension if they are not working (see last issue). The Corporation's standard conditions of sale have remained unchanged since 1970 as regards steel sales in the U.K. and they provide for payment by the end of the month following the month in which the steel is despatched.

British Steel Corporation, PO Box 40, 23, Grosvenor Place, S.W.1.

## Jobs at Lucas

From the Co-ordinator, Campaign Against Arms Trade, Sir—Two years ago shop stewards at Lucas Aerospace, in a bid to avert redundancies, drew up a "corporate plan" listing 150 products which the Lucas workforce could be making.

After considering the plan for a few months, Lucas management said that it believed the only way to secure jobs was by concentrating on aerospace systems and components as had been done in the past.

In these past two years redundancies have continued at Lucas Aerospace, so that the workforce is now down to 12,000 from the 18,000 it was in 1972. And now a further 2,000 redundancies, with a complete closure of three sites, have been announced.

Studies by Lucas have shown that markets exist for many of the products included in the corporate plan. Moreover, the products are socially useful, such as medical and transportation equipment desperately needed in Britain and throughout the world.

Obviously, Lucas has not secured jobs by concentrating on its traditional products. Is it not time that it started looking elsewhere—to its own workforce—for new and creative ideas?

Sandy Merritt, 5 Calcutt Road, Kings Cross, N.1.

## General unemployment figures for March

White Paper on Government plans for distributing North Sea oil revenues and House of Commons statement by Prime Minister. EEC Energy Ministers meet.

## Selling steel

From the Managing Director, Finance and Supplies, British Steel Corporation, Sir—Mr. Orrow is mistaken in saying (March 10) that British Steel Corporation reduced its credit terms in 1973-74 to "10 days or less". The credit terms in the Corporation's standard conditions of sale have remained unchanged since 1970 as regards steel sales in the U.K. and they provide for payment by the end of the month following the month in which the steel is despatched.

## Women at home

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## To-day's Events

House of Lords: Church of Scotland (Property and Endowments) (Amendment) Order Confirmation Bill, report stage. Motion to approve Prevention of Terrorism (Temporary Provisions) Act 1976 (Continuation) Order. Employment Subsidies Bill, second reading. Motion to approve Social Security Pensions (Home Responsibilities and Miscellaneous Amendments) Regulations 1978. Prayer Book (Ballot of Laity) Bill, second reading.

## Official Statistics

Car and commercial vehicle production (February, final).

## Company Results

Alcan Aluminium, Britannia House, W. 230, Ashdown Investment Trust, 120, Cheapside, E.C. 3, 230, County Bank, Portman Hotel.

## Company Meetings

Alcan Aluminium, Britannia House, W. 230, Ashdown Investment Trust, 120, Cheapside, E.C. 3, 230, County Bank, Portman Hotel.

W. S. Crest Nicholson, Ashley Hotel, Walton on Thames, 12, Derby Trust, Portman Hotel, W. 11, Essex Water, Caxton Hall, S.W. 13, Glass Glorier, Connaught Rooms, W.C. 12, Glasgow Stockholders, Glasgow, 11, Hull and Smith, Birmingham, 12, Imperial Group, Dorchester Hotel, W. 12, Lincoln, Kilgour, 8, Belgrave Square, S.W. 13, Lovell (Y.J.), Portman Hotel, W. 12, Meggit, Sarnborough, 12, 30, Meldrum Investment Trust, St. Mary Axe, E.C. 11, 30, Saatchi and Saatchi, Epsom, Surrey, 12, White and Carter, 12, Connaught Rooms, W.C. 11, 30.

## Opera

Royal Opera perform Idomeneo, Covent Garden, W.C. 2, 7.30 p.m.



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# Hepworth Ceramic ahead Low & Bonar by over £8m.

TURNOVER of £220.5m. for Hepworth Ceramic Holdings, compared with £182.4m. for Low & Bonar, the latter's pre-tax profit of £7.2m. against £18.2m. after £8m. lead to £12.2m. at half-year.

Trading profit for the year was £19.1m. compared with £19.1m. the amount available to subsidiary W.S. Dickey Clay manufacturing company, which acquired on January 25, 1977, to £226m. (£200,000).

Progress from this off is expected in the current year.

Earnings per 25p share are 12.5p (10.5p) and the dividend is raised from 5.125p to 5.25p, a 2.5% increase, with a 1.75p set.

At week the group announced it had made a bid approach to H. and R. Johnson-Richards, Mr. Goodall declined to comment on this.

Peter Goodall, the chairman, making no forecasts for the year but said that the group was "absolutely on place" and that he expected some "very good" results from the group's new factory in Claydon, which he said would be a "little better" than the old one.

Divisional analysis of turnover and pre-tax profit shows: Ceramics (£47.1m.), and £18.2m. (£14.8m.); refractories (£14.8m.), and £5.4m. (£4.8m.); industrial sands and aggregates (£14.8m.), and £5.4m. (£4.8m.); engineering and miscellaneous (£14.8m.), and £5.4m. (£4.8m.); and international turnover of £14.8m. (£11.1m.).

Exports from the U.K. are £14.8m. (£11.1m.).

The group's new factory in Claydon, which he said would be a "little better" than the old one.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisional results are based mainly on last year's figures.

TO-DAY

Barclays Bank, London, 10.30am. Anglo-Continental, London, 11.00am. Anglo-Continental, London, 11.00am. Anglo-Continental, London, 11.00am.

## Advance by Newman Tonks

TURNOVER FOR the six months to January 31, 1978, at Newman Tonks, the metal hardware manufacturing group, rose from £29.5m. to £30.4m. and profits advanced from £2.0m. to £2.7m. (£2.0m. to £2.7m.).

In addition there were profits of £2.7m. over book value on the sale of shares.

Mr. M. L. Wright, the chairman, says that budgets for most of the group's U.K. companies are reasonably encouraging and he anticipates second half profits similar to last year's £2.7m.

The interim dividend is lifted from 0.5p to 0.5p net per 25p share, payable on April 10.

The transfer to the new factory in Newtown Row, Birmingham, of a section of the hardware division has now been completed. There has been some disruption of production which has affected profitability but Mr. Wright is confident that the group will now start reaping the benefits of the capital expenditure and re-organisation of the past 12 months and this will be reflected in the second half.

The contribution by the Australian subsidiary has been disappointing. This has been mainly due to the prevailing depressed conditions in the construction industry in that country and there has also been the inevitable problems of the new acquisition Parow and Wright. Here again, the chairman is confident that this acquisition will bring useful benefits for the group in due course.

## Low & Bonar on target

DESPITE AN adverse effect of £240,000 on the conversion of overseas profits against a benefit of £233,000 last time, Low & Bonar, which operates internationally in packaging engineering, textiles and floor covering, reports pre-tax profits of £7.1m. for the year to November 30, 1977, compared with £8.3m. after £3.2m. against £2.7m. at half-year.

At the time of the group's offer for G.H.P. Group in August 1977 the directors forecast taxable profits of £6.4m. for the year and after excluding post acquisition profits from G.H.P. Group of £240,000, pre-tax profits of £6.7m. in spite of adverse movements in currency exchange rates of £257,000 since the date of the forecast.

Group turnover for the year, including two months results of the directors' forecast, taxable profits of £6.4m. for the year and after excluding post acquisition profits from G.H.P. Group of £240,000, pre-tax profits of £6.7m. in spite of adverse movements in currency exchange rates of £257,000 since the date of the forecast.

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The directors say that the engineering and textiles divisions achieved satisfactory results, but the disappointing aspect of the group's result was the performance of the packaging division. In the U.K. while flexible packaging, cartons, paper making and merchandising were profitable, the paper bag operation lost money. The paper bag operation lost money. The paper bag operation lost money.

The Canadian operation achieved in dollar terms a better result than in 1976, but the return on capital employed remains unsatisfactory. Steps are being taken to rationalise production and reduce overheads, they add, with the Vancouver plant being closed, and manufacture being transferred to Calgary. There will be re-organisation expenses incurred through these moves and the full benefit of the changes will not be felt until 1978.

Capital expenditure earmarked for the U.K. packaging division is part of a £10m. investment programme to be spread over 1978, 1979, and 1980, of which will be spent in the U.K.

Stated earnings per 25p share are up from 22.2p to 21.5p and the dividend is stepped up to 5.125p.

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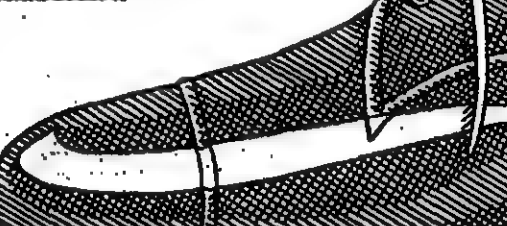
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## Second half downturn at Pittard

ER RISING from £0.74m. to £1m. in the first half, pre-tax profits of Pittard Group, the leather tanning and dyeing company, finished 1977 down from £1.18m. to £1.0m.

Mr. C. J. Pittard, the chairman, that trading conditions deteriorated world wide in the second half with the result that the group's earnings in the first half. The increase in earnings from £1.18m. to £1.0m. was due to higher prices negotiated for leather material costs.

1977 1978

Pre-tax profit £1,180,740 £1,000,000

Net profit £1,180,740 £1,000,000

Dividend £1,180,740 £1,000,000

1977 1978

Pre-tax profit £1,180,740 £1,000,000

Net profit £1,180,740 £1,000,000

Dividend £1,180,740 £1,000,000

## Lawtex ahead at halfway

Pre-tax profits of £122,000 to £240,000 on sales 35 per cent. higher at £5.14m. are announced by Lawtex, the Manchester based clothing and umbrella manufacturing group, for the half year to December 24, 1977.

The interim dividend is held at 1.5p net per 25p share. The directors intend, circumstances permitting, to pay the maximum permitted final dividend of 1.5p per share. Last year's final was 1.5p and pre-tax profits totalled £455,000.

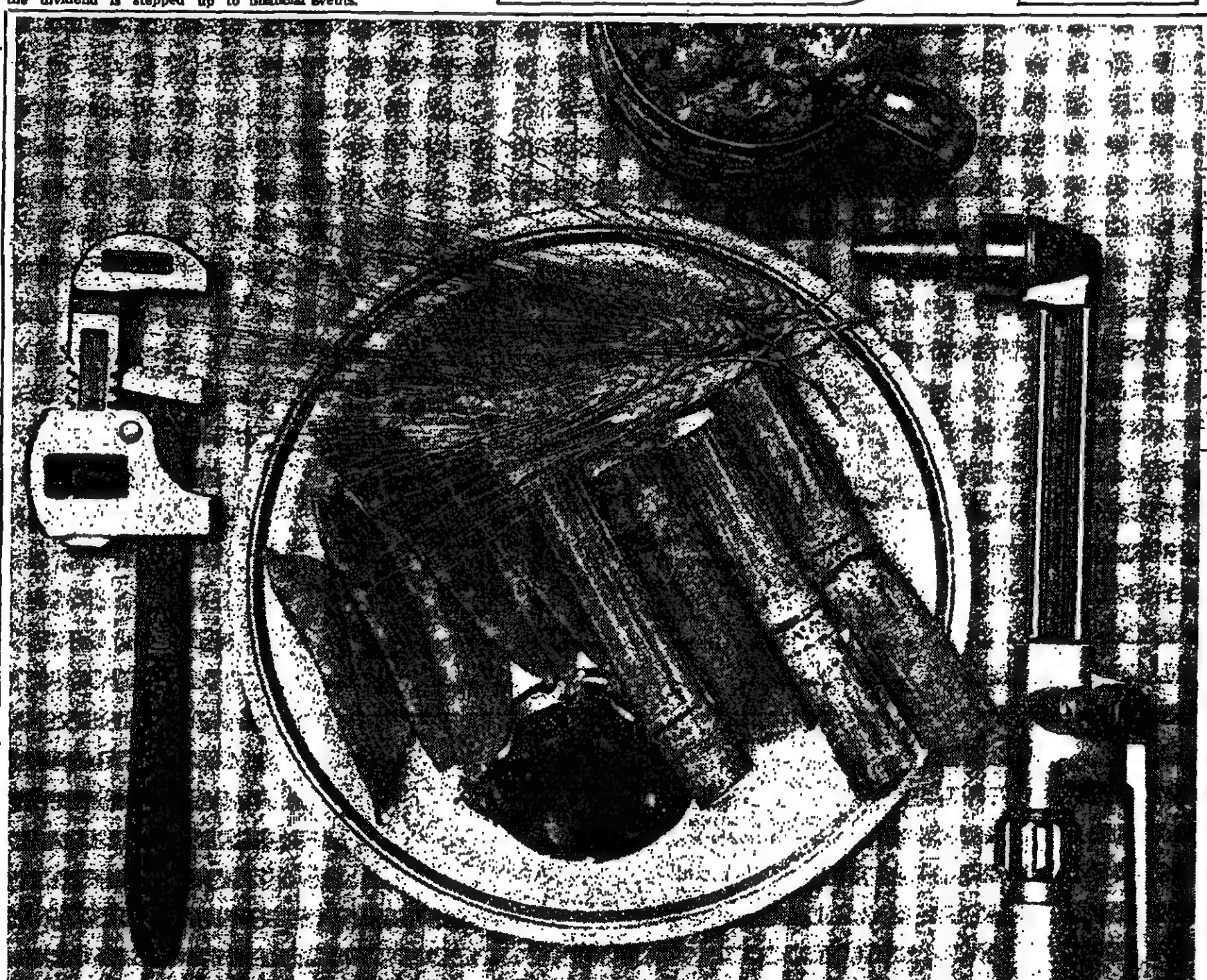
Half year

1977 1978

Pre-tax profit £122,000 £240,000

Net profit £122,000 £240,000

Dividend £122,000 £240,000



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## NOTICE OF REDEMPTION

### To the Holders of

## Queensland Alumina Finance N.V.

### 8 1/4% Collateral Trust Bonds Due 1987

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Queensland Alumina Finance N.V. Collateral Trust Indenture dated as of April 1, 1972, U.S. \$598,000, principal amount of the above described Bonds have been selected for redemption on April 1, 1978, in lieu of a redemption for the purpose of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

BONDS OF U.S. \$1,000 EACH	
34,70	1353 2548 2784 4708 6108 7705 9925 11250 14040 15075 17005 18288 20105 22005 23975 25975 27975 29975 31975 33975 35975 37975 39975 41975 43975 45975 47975 49975 51975 53975 55975 57975 59975 61975 63975 65975 67975 69975 71975 73975 75975 77975 79975 81975 83975 85975 87975 89975 91975 93975 95975 97975 99975

On April 1, 1978, the Bonds designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts. Said Bonds will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015, or (b) subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main), Luxembourg, Paris or at the main offices of Bank of America & Hope NV in Amsterdam or Banque Internationale à Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on, or by a transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

Coupons due April 1, 1978 should be detached and collected in the usual manner.

On and after April 1, 1978 interest shall cease to accrue on the Bonds herein designated for redemption.

QUEENSLAND ALUMINA FINANCE N.V.  
By WILLIAM ROBBES, Managing Director

Dated: February 23, 1978





## Sime Darby Holdings Limited INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 1977

- Interim Dividend up from 11% to 20%
- Directors propose one-for-one Bonus Issue.
- Half-year consolidated results improve. Turnover up 15% Profit attributable up 10%
- Principal subsidiaries improve results in first half.
- Directors foresee the profit growth continuing.

### SUMMARY OF CONSOLIDATED RESULTS

	Six months to 31st December 1977	1976	Year to 30th June 1977
	£ million	£ million	£ million
TURNOVER	708.59	615.60	1,367.93
PROFIT BEFORE TAXATION	81.36	74.26	151.43
PROFIT BEFORE EXTRAORDINARY ITEMS	28.67	26.00	55.54
EXTRAORDINARY ITEMS	.01	.04	39.94
PROFIT ATTRIBUTABLE TO SIME DARBY HOLDINGS LIMITED	28.66	26.04	95.48
	Interim	Interim	Total
Rate of dividends — gross	20%	11%	*40%

\*The Final Dividend for 1976/77 included a 5% Special Dividend related to an extraordinary profit on sales of land by a subsidiary.

Kempas (Malaya) Berhad became a subsidiary on 27th December last, but has been treated as an associate in this half year. If treated as a subsidiary, profit attributable would have increased by M\$2.4 million. For the year to 30th June, 1978 it will be treated as a subsidiary.

Copies of the full Interim Report sent to shareholders may be obtained on request from The Secretary, Sime Darby Holdings Limited, Wisma MISC, Jalan Conlay, Kuala Lumpur, Malaysia.

16th March, 1978

## Ibstock Johnsen up 16% but margins reduced

PRE-TAX PROFITS of Ibstock Johnsen reached a record £1.33m. for 1977 compared with £1.73m. for 1976, after being ahead from £1.73m. to £1.9m. at half time.

Turnover of the group, which manufactures bricks and acts as agents for woodpulp manufacturers, expanded by 55.8 per cent. from £2.84m. to £5.73m. including U.K. building products up by 37.1 per cent. to £2.3m.

The reduction in overall margins has been caused primarily by last year's acquisition in Belgium which added turnover but as expected incurred start-up losses during the year. Says the directors:

"The tax charge, at £1.07m. (£1.14m.) reflects a change in policy on deferred tax. The charge relates only to the U.K. building products division. Earnings are shown at 26.76p (28.08p) per 25p share or at £1.83p (18.83p) on the old tax basis. The final dividend is 3.643p net, for a maximum permitted 6.143p (5.5p) total."

Turnover ..... £5.73m. (2.84m.)  
Trading profit ..... £1.33m. (1.73m.)  
From associate ..... £1.33m. (1.73m.)  
Investment income ..... £1.33m. (1.73m.)  
Loan interest ..... £1.33m. (1.73m.)  
Profit before tax ..... £1.33m. (1.73m.)  
Tax ..... £1.07m. (1.14m.)  
Profit after tax ..... £226,000 (£226,000)  
Dividend ..... 3.643p (3.643p)  
Retained ..... £1.33m. (1.73m.)

Reduced by £1.07m. (£1.14m.) on change of accounting policy — provision for future trading and terminal losses on closure of Ibstock Project.

Ibstock Johnsen continues to buck the brick cycle. Against a fall of around 12 per cent. in industry deliveries last year and an 11 per cent. fall in facing

bricks (Ibstock's line) the group has pushed up sales volume in the U.K. to 22m. bricks, an increase of over 11 per cent. So the group's development of capacity at a time when competitors are probably more hesitant in weak market conditions is rewarding the group handsomely. In the U.K. production ran at a peak level of near 250m. bricks per annum mark, and margins only wavered slightly. It was overseas that most of the four point shortfall in margins was sustained due to currency movements. But start up losses in Belgium of around £110,000 on turnover of £1.8m. did not help. With production running at an increase of 17 per cent. in the U.K. against 11 per cent. in sales, working capital has jumped from £2.9m. to £3.56m. reducing the group's cash balances from £2.9m. to £1.1m.

The current year has made a promising start and the group could make around £5m. pre-tax. On a full tax charge the shares at 142p (up 1p) stand on a prospective p/e of 3.7 and yield a possible 7.4 per cent. They are not expensive.

## Revenue rise at Montagu Boston

Revenue of Montagu Boston Investment Trust for the year to January 31, 1978, emerged up at £108,827 compared with £67,965 after tax of £128,078 against £74,171. The dividend is maintained at 0.875p per share, costing 587,300 (same) and the amount retained comes out at £21,327 compared with a shortfall of £19,355, making the revenue

Steel stockholding made a loss (compared with almost £4m. profits in 1976) as conditions in the steel industry continued to deteriorate in the second half. Meanwhile the special building products division (almost entirely prefabricated partitions for schools) saw its profits fall by around £300,000, to just above break even, as local authority spending dropped sharply last year. The slump of the business, expanded metal (metal mesh) used in a wide range of industrial and building products) however produced profits much in line with the previous year and after £100,000 costs associated with the move of the group's London headquarters. This part of the business has continued to hold its own in the current year with demand from industry still relatively good and the group hopes that demand from the building industry will pick up as this industry recovers but generally prospects look unexciting. The shares at 56p yield 10.3 per cent. while the p/e is 6.2.

comment  
Expanded Metal's profits declined further in the second six months (after a 21 per cent. shortfall in the first half) to finish the year 31 per cent. down. Business was very flat with turnover up only 3 per cent. but the big problems occurred in the steel stockholding and building products divisions.

## Expanded Metal down by £1m.

PRE-TAX profits of Expanded Metal Company fell from a peak of £3.22m. to £2.22m. for 1977 with a second half slump from £1.64m. to £0.88m. Turnover for the year was up slightly to £25.15m. against £24.5m.

The swing from profit into loss by the steel stockholding subsidiary, where demand declined even more sharply as the year progressed, and the reduction in profit from building products, consequent upon the severe cut-backs in local authority spending, together accounted for virtually the whole of the reduction in group profits, the directors state.

After absorbing an increased volume of spending on new developments at home and overseas and some £100,000 of non-recurring expenditure including costs relating to moving the London headquarters of the group to new premises, the basic business in expanded metal and related products produced profits equal to those of 1976. Profits were also adversely affected by some £100,000 due to the ending of Regional Employment Premium.

On capital increased from the June, 1977, one-for-three rights issue stated earnings per 25p share after tax £0.53m. (£1.02m.) are 8.77p (13.78p). The dividend is stepped up to 3.673p (3.0138p) with a net final of 2.05p. Results reflect the provisions of ED 10 and SSAP 5.

The directors say that on existing group operations the holding of cash at the end of 1977 will grow strongly as 1978 progresses. This resource plus the ability to borrow based on a strong balance sheet and an all-equity structure, places the group in a position to make a substantial acquisition for cash with consequent benefit to earnings per share.

Within the group's basic business demand from the industrial sector continues to be strong they add. They say it is also reasonable to expect that by the second half of 1978 the increase already evident in some areas of consumer spending will have spread to the building industry, leading to improved demand for

## Sale Tilney

Another successful year

Year to 30 November	1977	1976	Increase
Net Profit before tax	1,833	1,285	27%
Total shareholders' funds	5,285	4,101	29%
Earnings per ordinary share	38.1p	29.5p	33%

(Earnings per ordinary share take account of the Rights Issue)

• Trading Profit. Excluding exchange conversion differences, rose by 38%.

• Dividend Increased by 116%  
Payment of a final dividend of 5.3375p per share is being recommended, making a total dividend of 10.2375p per share (1976—4.73378p per share).

• Future Prospects  
The uncertain world trading conditions make profit forecasting even more difficult than in previous years. Nonetheless the Board believes that the structure of the Group and the strategy it is now pursuing are both soundly based and that the Group will have another successful year.

SALE TILNEY & COMPANY, LIMITED  
28 Queen Anne's Gate, London SW1H 9AB

## BEAUMONT PROPERTIES LIMITED

Sir Cyril Black reports on the  
year ended 30th September 1977

### Results for the year

	1977	1976
Profit before tax	1,018,150	785,684
Cost of Dividends	385,151	350,128
Shareholders funds	13,236,018	12,517,662

- Property Revenue up from £1.35m to £1.40m.
- Profit before tax increased by £232,000.
- Phase II in major development at Sale, Cheshire, now commenced. Enquiries already received from well known multiples and other substantial traders.
- New office building in Sun Street and Wilson Street let as a whole to substantial tenant.
- Properties valued professionally as at 30th September 1977. Total valuation £26.6m. Surplus on investment properties £0.5m; surplus on trading properties £3m.
- During calendar year 1977 rental increases arranged amounting to about £225,000 per annum.
- Anticipate steady progress of group will be maintained.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Preference Shares.

## JENKS & CATTELL LIMITED

(Registered in England No. 147207)

### Capitalisation Issue of 440,000 10 per cent Cumulative Preference Shares of £1 each

The Council of The Stock Exchange has admitted the above Preference Shares to the Official List. Dividends will be payable in equal half-yearly instalments on 31st January and 31st July each year. The first payment, amounting to 3.67p per share (net of related tax credit), will be made on 31st July, 1978.

Particulars relating to the Preference Shares are available in the Extra Statistical Service and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 11th April, 1978, from:—

Hill Samuel & Co. Limited,  
100 Wood Street,  
London EC2P 2AJ.

E. B. Savory, Millin & Co.,  
20 Moorgate Place,  
London EC2R 6AQ.

21st March, 1978.

## General Consolidated Investment Trust Limited

### Directors:

Brian A. C. Whitmee, F.C.A. (Chairman)  
James E. A. R. Guinness  
The Hon. Peter M. Samuel, M.C., T.D.  
Robert Holland  
Desmond A. Reid  
David R. Stevens

Performance statistics	Year ended 31.12.77	%	Ten years ended 31.12.77	%
Net asset value		+20		+78
Middle market price (Stock Exchange Daily Official List)		+32		+68
Rate of dividends (net)		+21		+218
Retail Price Index		+12		+198

### Distribution of investments at 31st December 1977

Equities and convertibles	69.2%
U.K.	
Overseas (including U.K. companies operating mainly abroad)	26%
Fixed income	4.2%

### Extract from the Chairman's statement

Our present revenue estimates are running at a higher level than last year and we hope to be able to recommend a further increase in the dividend for the current year.

Copies of the Report and Accounts can be obtained from  
Philip Hill (Management) Limited, 8 Waterloo Place, London SW1Y 4AY.



## Superintendencia Nacional da Marinha Mercante—SUNAMAM

RIO DE JANEIRO, BRAZIL

\$160,000,000 medium-term Euro-dollar loan

### Managed by:

The Bank of Tokyo, Ltd.

Morgan Guaranty Trust Company of New York

Amsterdam-Rotterdam Bank N.V.

Continental Illinois Limited

The Royal Bank of Canada

### Co-managed by:

Banque Européenne de Tokyo

Merrill Lynch International Bank Limited

### Funds provided by:

Amsterdam-Rotterdam Bank N.V.

The Bank of Tokyo, Ltd.

Continental Illinois National Bank and Trust Company of Chicago

Morgan Guaranty Trust Company of New York

The Royal Bank of Canada Group

Banque Européenne de Tokyo

The Bank of Yokohama Limited

The Fuji Bank, Limited

Irving Trust Company

National Westminster Bank Group

Northwestern National Bank of Minneapolis

Union Bank of Switzerland

The Yasuda Trust and Banking Company, Limited

Bank of the Southwest N.A.

European Banking Company Limited

The Fidelity Bank

The Mitsubishi Bank, Limited

The Mitsubishi Trust and Banking Corporation

The Mitsui Bank Ltd.

The Nippon Credit Bank, Limited

Republic National Bank of Dallas

The Sumitomo Trust and Banking Co., Ltd.

Tokai International (Asia) Limited

Canadian Imperial Bank of Commerce (International) S.A.

European Arab Bank (Brussels) SA

First City National Bank of Houston

The Hokuriku Bank, Limited

International Energy Bank Limited

Iowa Des Moines National Bank

Japan International Bank Limited

Mercantile Trust Company National Association

RoyWest Banking Corporation Limited

The Tokai Bank, Limited

UBAF Bank Limited

United International Bank Limited

United States Trust Company of New York

Al Saudi Banque

Associated Japanese Bank (International) Limited

Australia and New Zealand Banking Group Limited

Banco de Venezuela, S.A.

Banco Nacional de México, S.A. "BANAMEX"

Bank of British Columbia

Bank of Montreal International Limited

County Bank Limited

Daiwa Europe N.V.

First Bank

Iran Overseas Investment Bank Limited

London Interstate Bank Limited

The National Bank of Australasia Limited

Nippon European Bank S.A.

The Nippon Trust and Banking Co., Ltd.

United Virginia Bank

The Provincial Bank of Canada

Société Générale de Banque S.A.

United Virginia Bank

### Agent:

The Bank of Tokyo, Ltd.

This announcement appears as a matter of record only.



# TAKE A FRESH LOOK AT TURNER & NEWALL

## The Chairman reports:

### "A record year of growth"

#### 1977 TRADING PROFIT £48.5m

PLASTICS AND INDUSTRIAL MATERIALS £12.1m	AUTOMOTIVE COMPONENTS £16.7m
CHEMICALS £8.9m	CONSTRUCTION MATERIALS £12.2m
ASBESTOS MINING £6.6m	

#### 1976 TRADING PROFIT £36.7m

PLASTICS AND INDUSTRIAL MATERIALS £9m	AUTOMOTIVE COMPONENTS £12.9m
CONSTRUCTION MATERIALS £9.7m	ASBESTOS MINING £5.1m

Patrick Griffith, Chairman, Turner & Newall, made the following points in his Annual Statement:

#### Highlights of 1977

- \* Increased sales – up £81m at £414m
- \* Increased pre-tax profits – up £9.9m at £45.3m
- \* Increased overseas trading profits – up £5m
- \* Increased UK exports – up £21.9m
- \* Increased earnings per stock unit – up 5.38p
- \* Increased investment in the USA  
– chemicals and automotive components
- \* Increased investment in Canada  
– asbestos mining
- \* Increased investment in continental Europe  
– automotive components
- \* Increased investment in all UK activities

**TURNER  
& NEWALL  
LIMITED**

Providing what the future needs

To: Public Relations Dept, Turner & Newall Ltd,  
20 St Mary's Parsonage, Manchester M3 2NL.

Please send me a copy of your  
1977 Report and Accounts

Name \_\_\_\_\_

Address \_\_\_\_\_



## London Scottish Finance Corporation Limited

### Unaudited Interim Results for 26 weeks ended 24th January 1978

	26 weeks ended	26 weeks ended	52 weeks ended
	24.1.78	25.1.77	26.7.77
Profit before Finance Costs	471,785	448,154	938,394
Finance Costs	241,000	324,001	612,131
Profit before Taxation	230,785	122,153	326,263
Taxation (estimated)	42,000	27,000	77,894
Dividends	39,610	35,771	86,872
Profit Retained	149,175	59,382	161,497

Extract from Interim Statement

**Results:** The Group's profit before taxation shows an increase of 89% over the corresponding period last year.

Whilst lower finance costs have contributed to the improvement in the Group's profit, we have absorbed heavy non-recurring expenditure relating to the rationalisation of Dupont Brothers Limited.

Dupont is now trading profitably and should make a significant contribution to the Group's profit during the second half year.

At the end of January 1978, a Syndicate of Banks led by Barclays Merchant Bank Limited replaced the previous £2.5m. on demand Acceptance Credit Facility with a new three year Revolving Loan of £3m.

**Dividend:** The Board have pleasure in announcing an increase in the Interim Dividend from 7p to 7.75p per share, and on present indications expect to recommend an increase in the final dividend of not less than 10%.

Speakers House, 39 Deansgate, Manchester M3 2BE. Telephone 061-834 2861

## T & N to spend £25m. in U.K.

THE INTERESTS of Turner and Newall will be further expanded if profitable and logical, but the directors are well aware of the dangers that can arise from over rapid growth. Mr. Patrick Griffith, the chairman, tells members.

He adds that the company is well-placed to take advantage of any up-turn in industrial activity. During 1977 the group made 11 acquisitions, the two largest being the purchase of a 52 per cent interest in Philip A. Hunt Chemical Corporation in the U.S., for about £34m, and an outright takeover of Storey Bros, a Lancaster-based maker of plastic products for £13m, as already known.

These were further steps in the group's programme to increase its interests in the U.S. and to expand its chemical and plastics activities. Important additions were also made to the automotive components side of the business in the U.K., U.S. and Continental Europe. Mr. Griffith explained.

Capital spending in the U.K. during the year was almost 70 per cent. higher at £15.2m, and the directors plan to spend £25m. in this country during 1978. This money will be spent on a new unit built by BIP to manufacture PVC resin, increasing annual capacity by 30,000 tonnes, and a new plant by Newalls to make glass fibre insulation.

Two additional polypropylene film units are to be installed by Storeys and TBA is expanding its belting capacity. TAC will complete its second building block plant and expenditure will also be incurred by Engineering Components and Ferodo on increasing capacity, he says.

Significant spending is also planned for overseas on new projects and on expanding existing activities. At the end of 1977 capital commitments amounted to £11.2m. (£4.2m.) and a further £31.4m. (£24.1m.) had been authorised but not committed.

At the end of March 3, for the year ended 1977, the group's profit before taxation advanced 28 per cent. to £452,231, on sales of £1,183,331, an increase of 31 per cent. better at £413.8m. The net dividend is raised to 10.00p (8.12p) per 21 shares.

On a current cost basis, according to the Hyde guidelines, profit is shown lower at £24.32m. (£18.11m.) after extra depreciation.

## Growth at County Bank

RESULTS FOR 1977 of County Bank, a National Westminster subsidiary, show pre-tax profit of £5.57m. against £4.27m., advances of £159.4m. against £166.8m., and gross assets at £531.9m. against £494.8m.

Mr. S. Wild, the chairman, says that in a year of fluctuating markets, all divisions found opportunities for improving their performance.

The corporate advisory division maintained its growing reputation and acted in over 40 merger situations and rights issues. Some 60 listed company clients now look to County as their merchant bank.

Advances, after allowing for repayments, rose by 14 per cent. By far the greater part of advances, now standing at just over £200m., are made to assist industry over the medium term both for specific capital projects and for working capital, often with a view to providing increased

export capacity. Towards the end of 1977, the bank began to develop its acceptance credit business, and anticipates useful growth in this direction.

The investment division is concerned with the management of funds exceeding £1,000m. and the bank has recently placed special emphasis on seeking the management of funds for clients overseas.

The directors look forward to a further year of challenge but say that the profit levels of 1977 will be difficult to match. However, Mr. Wild is confident that the momentum gained in recent years, will carry the bank further forward in all aspects of corporate finance and advisory activities.

The directors' action group is trying to gain support to query the Royal Arsenal Co-Op. to be challenged

The directors of the Royal Arsenal Co-Operative, one of Britain's biggest co-operative societies, are expected to be challenged this week from shareholders over the latest report and accounts.

These are expected to show almost a 51m. pre-tax loss for last year as well as suggesting a raise in salaries for the retiring board of directors.

A shareholders' action group is trying to gain support to query

## Westminster Property recovers to £62,000

Including an increase in U.K. on sale of investment and dealing properties from £70,000 to £380,000 Westminster Property Group turned in a pre-tax profit for the year to September 30, 1977, of £62,000, compared with a loss of £61,791 last time of which £315,632 was due to fluctuations in currency exchange rates. Turnover for the year was more than doubled from £1m. to £2.48m.

At the interim stage the group reported a turnaround from a loss of £118,000 to a profit of £21,000 and the directors said that a similar level of profits was anticipated for the second half.

The directors state that the increase in trading profit, up from £19,333 to £36,000, is a result of the group's policy of reducing bank indebtedness by property disposals - the contribution from the parent company and U.K. subsidiaries rose to £443,000 (£190,838) and £218,000 (£127,000) came from the Portuguese subsidiaries.

The past year, although difficult, has been more satisfactory for the company and the directors say it is gratifying to see the continued revival in the property market both in the U.K. and Portugal. This, together with a reduction in interest rates and group internal economies, having a beneficial effect on trading activities and, provided the trend continues, they look forward to the future with a reasonable degree of confidence.

Stated earnings per 30p share are 8.5p against a loss of 8.3p and again there is no dividend. The last payment was a 0.67p final for a 1.34p total for 1973-74.

Overall bank borrowings were reduced by some £1.7m. by sales

of properties both in the U.K. and Portugal. Directors say the majority of the group's smaller residential properties in the U.K. were sold (mainly by auction) in July 1977 and the resultant bank interest savings more than compensate for the loss in rental income they add.

In Portugal, the revival of interest in residential properties in the Algarve continues. During the year, a substantial number of residential units were sold and construction is now virtually complete on the Whitchell block of apartments where already a number of units have been sold and the total expected realisation of the "Windmill" complex will be in excess of £1.5m. they say. This will leave available some two-thirds of the Cerro Grande site for further development, they add.

For 1977, the group's interest income was £234,000 (£181,072) including parent company and U.K. subsidiaries' £382,000 (£385,572) and Portuguese subsidiaries' £212,000 (£226,500). There is no tax charge on the interest income of £2,114 and after an extraordinary credit for 1975-76 of £5,088 net profit for the year emerged as £32,000 against a loss of £358,611. After a transfer of £2m. from capital reserve the 1975-76 loss was reduced to £287,023.

**Accountants in 'invidious position'**

The accountancy profession has been placed in an invidious position because of the Government's apparent reluctance to bring forward comprehensive legislation to deal with defects in company law.

This is the essence of a letter to-day to Mr. Edmund Dell, Secretary of State for Trade, from the Committee of Accountancy Bodies. It expresses concern over the delaying and curtailment of the proposed Companies Bill and notes that it now seems probable that the Government will not provide sufficient Parliamentary time even to introduce the measures in the White Paper on "The Conduct of Company Directors".

The accountancy profession, says the letter, "has been subject to criticism, sometimes quite unfair, because companies or their officers have conducted themselves in an unsatisfactory manner but nevertheless have acted within the law."

"Consequently, in the absence of a clear breach of the Companies Act, auditors have not been able to draw attention to their reports to actions which subsequently have been widely criticised."

In this context, the letter refers particularly to loans to directors and financial assistance provided by a company for the purchase of its own shares.

"The accountancy bodies have also sought a strengthening of the legal definition of directors' duties and responsibilities."

The letter points out that the profession is making every effort to ensure that standards of auditing keep pace with changes in business practice and with public expectations. "We look to the Government to demonstrate that it has an equal regard for company law improvements."

A memorandum commenting on the White Paper on "The Conduct of Company Directors" sent to Mr. Dell with the letter supports in principle the concept that information about a company should be available free to its employees. But it doubts whether the suggested requirement to send the company's full annual report and accounts to employees would achieve much in the area of industrial relations or improved communication.

In addition to the proposed improvements to the disclosure provisions concerning loans to directors, the memorandum says consideration should be given to the disclosure of guarantees by a company of borrowings by a director and of indirect or reciprocal arrangements under which directors may benefit.

**New growth for Barclaycards**

APPLICATIONS FOR Barclaycards from customers of banks other than Barclays have risen by 50 per cent. since Barclaycard's monthly interest rate was reduced to 3 1/2 per cent. last November.

Barclays Bank says that in February, Barclaycard received nearly 5,000 such applications, compared with around 3,200 for February 1977. The total number of new Barclaycards issued each month averages 40,000, the bank says.

## NatWest Registrars Department

National Westminster Bank Limited has been appointed Registrar of

## THE CLIFTON INVESTMENTS LIMITED

## BRIDGEWATER INVESTMENT TRUST LIMITED

## PADANG JAWA RUBBER ESTATE LIMITED

All documents for registration and correspondence should in future be sent to

National Westminster Bank Limited  
Registrar's Department  
PO Box No 82  
National Westminster Court  
37 Broad Street  
Bristol BS99 7NH.

Telephone Bristol (STD Code 0272)  
Register enquiries 290711  
Other matters 297144

## "Record achievements for the Society. Assets now £875 million."

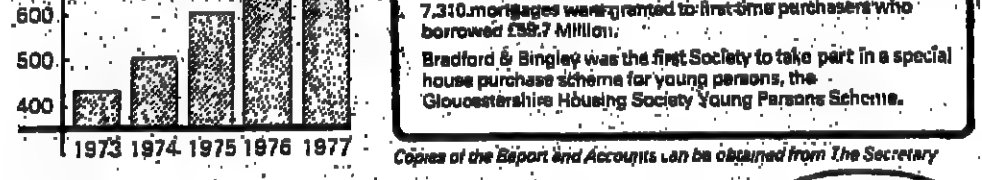
Highlights of Bradford & Bingley Building Society's Year, presented at the Annual General Meeting held in Bingley on 20th March 1978.

ASSETS	RESERVES
"The Society's Assets increased by over £182 Million or 26.34% - a record increase in the history of the Society."	"The Reserves total £37.4 Million or 4.28% of Assets, one of the highest ratios amongst the largest Societies."
INVESTMENTS	FUTURE
"During the year we opened almost 180,000 new investment accounts and received over £422 Million including interest credited, from our investors."	"We look forward to the future with complete confidence which is based on over a century of experience and a personal contact with our members."

"In 1977 we granted 18,427 mortgages to new borrowers... a total of £165.6 Million."

"26% of all advances granted went to applicants purchasing pre-1919 property."

"Since October 1975, the Society has made available over £12 Million to Local Authority sponsored applicants."



4 out of every 10 BBBs mortgages granted in 1977 were for people buying their first house.

7,310 mortgages were granted to first-time purchasers who borrowed £36.7 Million. Bradford & Bingley was the first Society to take part in a special house purchase scheme for young persons, the Gloucestershire Housing Society Young Persons Scheme.

Copies of the Report and Accounts can be obtained from The Secretary

"Society money" "Bingley money"

**BBB BRADFORD & BINGLEY BUILDING SOCIETY**

HEAD OFFICE: BINGLEY, WEST YORKSHIRE LS15 3JW  
A member of the Building Societies Association.  
Over 600 Branches & Agencies

## Metal Closures Group

METAL AND PLASTIC PRODUCTS FOR PACKAGING

Preliminary Announcement of Results

Year to 31st December	1977	1976
	£000's	£000's
Sales	50,943	45,894
Profit before Tax	5,366	4,624
Profit after Tax and Minority Interests	2,441	2,045
Total dividends	4,213p	3,772p
Earnings per Share	12.06p	10.69p

The buoyant demand indicated in the half-yearly statement did not continue at the anticipated tempo and the Group operated below capacity in most areas towards the end of the year. Taking these circumstances into account, I suggest that the final results reflect a creditable performance. The maximum permissible final dividend of 2.5136p per share is recommended.

We have increased our direct exports and have continued our favourable participation in the growth of our overseas agencies.

New and improved plant has been installed in both the plastics and metals sectors, which will enable us to take maximum competitive advantage of any upturn in the domestic and world economy which, although heralded, is not yet within sight. As a result demand in most companies in the Group continues well below capacity.

However, I view the short-term future with cautious optimism.

20th March 1978  
John Boden, Chairman.

## Drake & Scull Holdings Limited

### Most Successful Trading Year ever

- Record result represents a remarkable transformation
- Further improvements in the Group's liquidity position
- Three principal operating companies all achieved record profits
- Current trading remains satisfactory and Group using every endeavour to expand into profitable overseas territories

Summary of Results	Year ended 31st October 1977	Year ended 31st October 1976
Turnover	54,089	49,538
Trading Profit	1,884	771
Profit before Taxation	2,624	879
Profit/(Loss) attributable to Ordinary Shareholders	717	(1,371)
Earnings/(Loss) per Ordinary Share	9.4p	(1.49p)
Basic	9.4p	(1.49p)
Fully Diluted	7.1p	

The company's Annual General Meeting will be held on Wednesday March 22nd, at 3.00 pm in The Churchill Hotel, Portico Square, London W1N 6AL.

## Booker McConnell

Strong all-round performance brings profits to new levels

Earnings per share 45% up

- Profit before tax up from £15m to £25m
- Attributable profit after tax up from £6.6m to £10.6m
- Earnings per share up from 24p to 34.8p
- Turnover up 47% to £523m
- Balance sheet strong; borrowings down

Preliminary results for the year 1977	1977 £'000	1976 £'000
Profit before tax	24,980	14,937
Equity earnings	10,567	6,638
from UK companies	8,715	4,671
from overseas companies	1,852	1,967
Earnings per share	34.82p	24.00p
Dividends per share	7.322p	6.336p

Earnings by operations	1977 £'000	1976 £'000
Food distribution	3,331	1,883
Fluid engineering	1,813	1,650
General engineering	1,969	(558)
Overseas trading	812	1,056
Spirits and liqueurs	1,076	814
Shipping	622	546
Agriculture	303	160
Authors	496	487
Parent company	145	600
	10,567	6,638

The Chairman, Sir George Bishop, says:

"Each of the eight divisions produced excellent results. With the soundness and well-balanced spread of the existing businesses - and plans, management and money for further expansion - the company will continue its consistent growth"

The report and accounts will be published on 25th April.  
Copies may be obtained from the Secretary, Booker McConnell Limited, Bucklersbury House, London EC4N 8ET

مكزامن الناصر













Château de Chanteloup, Cognac.

“People marvel that we Martells have  
been making cognac for eight generations.

I don't see why.

If you can make cognac, you can  
run a family business.

It's simply a talent for blending  
the young with the old.”

MICHEL MARTELL.

**MARTELL**

THE FAMILY OF COGNAC SINCE 1715.



James Cook & Co.  
The Family of Cognac  
Since 1715



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Chrysler seeks approval for preferred stock issue

BY JOHN WYLES

CHRYSLER CORPORATION has indicated that a preferred stock issue is one plank in its strategy for raising \$7.5bn. of funds which it requires for capital development to ensure it remains a major force in the U.S. automobile industry.

The company confirmed today that it will seek approval at its annual stockholders meeting on May 2 to issue 30m. shares of preferred stock and 40m. shares of common stock. Although Chrysler was at pains to stress that a preferred stock issue was merely "one alternative" method of fund raising which it was considering, and that neither the size nor the date of a possible issue had been determined, such a recourse to the money markets entered as a distinct possibility last month when the company disclosed dimensions of its capital requirements.

A Chrysler spokesman was much more categorical about the intentions behind the bid to increase its authorised issue of common stock. Currently the authorised limit is 80m. shares with a shade over 60m. in public hands. According to the company there is no intention of

selling more common stock to the public but raising the total authorised would enable the company to meet the projected needs of an employee stock purchase plan.

Some 6.7m. shares are currently owned by employees under this scheme which is a potentially useful source of capital for the company. Chrysler recently decided that from March 1 the regular needs of the employee plan would be satisfied out of unissued but authorised stock instead of through purchases by the plan's trustee in the open market.

Chrysler has never before made a preferred stock issue and company requests for authorisation are not normally refused by stockholders' meetings. The management's proposal may deflect some criticism of the company's poor performance last year when it suffered a fourth quarter loss and when the yearly operating earnings dropped 63 per cent., leaving the final net profit at \$163.2m. or \$2.71 a share.

When these figures were published last month chairman Mr. John Riccardo and president Mr. Eugene Caero disclosed that

NEW YORK, March 20.

the company would be doubling its rate of capital spending in North America over the next five years to an aggregate \$7.5bn. Mr. Riccardo estimated that two-thirds of the sum would come from depreciation and amortisation and the rest from earnings and outside financing.

This estimate of the company's powers to generate funds internally was thought to be excessively optimistic by many analysts. Mr. Ronald Gladwin, of Mitchell Hutchins, for example, recently published an assessment that between 1978 and 1980 Chrysler's capital spending and debt servicing needs would exceed operating income, depreciation and amortisation by more than \$1.3bn. U.S. auto industry is likely to spend an estimated \$55bn. over the next five to seven years on the necessary plant and equipment associated with the development of new models to conform with progressively more stringent Federal fuel and emission regulations. Chrysler has complained on many occasions that Federal laws were putting inordinate pressure on the company's financial and technical resources.

## London Life Insurance profits rise

By James Scott

TORONTO, March 20.

LONDON LIFE Insurance, which dominates the Canadian market in individual life insurance, reports statutory profit for 1977 of \$13.3m. (\$US2.93m.), a 10 per cent. increase from \$12.1m. in 1976.

Premium income increased to \$145.1m. from \$139.9m. and investment income rose to \$121.7m. from \$119.1m. New individual life insurance issued increased to \$24.3bn. from \$22.15bn., but group insurance declined to \$1861.9m. from \$1913.5m. Business in force at the end of 1977 was \$245.5m. up from \$241.9m. Assets increased to \$32.92bn. from \$32.62bn.

Meanwhile Scottish and York Holdings of Toronto, an insurance holding company affiliated with the Thomson Newspapers, which handles the insurance requirements of the Thomson Group of companies, has reported a share increase in profit for the year ended December 31 to \$6.2m. (\$US5.5m.) from \$5.2m. in 1976. Gross revenue rose to \$121.1m. from \$119.7m.

## Curtiss-Wright accused of breaking takeover law

SALT LAKE CITY, March 20.

THE executive director of the State of Utah's Department of Business Regulation has notified Curtiss-Wright Corporation that he has determined that the company violated Utah's takeover offer disclosure law and has demanded immediate compliance under threat of a state lawsuit against Curtiss-Wright.

About two-thirds of the approximately 10,000 employees of Curtiss-Wright's metals operations are employed in Utah and the state also contains Kennecott's biggest copper mine and smelter.

A week ago Curtiss-Wright, a maker of aircraft parts, nuclear components and other industrial products disclosed that it had accumulated a 9.9 per cent. interest in Kennecott for an aggregate \$77m., mainly through market purchases over the past 60 days.

Curtiss-Wright also disclosed that it is considering a proxy fight to replace Kennecott directors with those who would favour a Curtiss-Wright policy of causing Kennecott to sell off some or all of its assets and distribute the proceeds to shareholders.

However, in a letter dated

March 17, which arrived at some 20 days in advance of the Curtiss-Wright's Wood-Ridge, New Jersey, headquarters this morning, Mr. Eugene S. Lambert, the Utah State Department of Business Regulation executive director, said that Curtiss-Wright's acquisition of Kennecott stock already constitutes a takeover bid under the meaning of the state law. He added that to file a lawsuit against Curtiss-Wright would be a waste of time.

## Interstate United merger

CHICAGO, March 20.

INTERSTATE UNITED Corporation said it agreed to a merger with Interstate into a unit of Hanson Industries.

Mr. Peter A. Tullio, president of Interstate which is a food service concern, said the company is disposing of some assets and that expenses of the sale and write-off of assets including some that are not being sold, will produce a charge against earnings of about \$4m. or \$1.37 a share.

He added that because of the tender offer at \$10 a share and the merger agreement, the company will omit its proposals to pay the same price for the remaining shares. Interstate stockholders are expected to vote in June on the merger.

## Minn. Title rejects bid

Minnesota Title Financial Corporation has determined to oppose the previously announced \$21 a share cash tender offer proposed by Gamble-Skogmo, reports AP-DJ from Minneapolis. Minnesota shareholders were urged by the Board not to take any action since the proposed offer cannot commence until the receipt by Gamble of certain regulatory approvals.

## Greyhound-Verex

Greyhound Corporation said about 25m. shares have been tendered in connection with its offer for Verex Corporation, reports AP-DJ from Phoenix. This, together with shares previously owned by Greyhound, represents about 77 per cent. of the shares outstanding.

## Merrill charges

The Supreme Court refused to hear charges that Merrill Lynch Pierce Fenner and Smith could muster considerable financial resources to buy shares that the estate of a former executive might be offered by the firm, reports AP-DJ from Washington.

## Room at the top in Canada's Argus Corporation

BY JAMES SCOTT IN TORONTO

THE TORONTO and Montreal financial communities are abuzz over what the future holds for Argus Corporation, a specialised investment company that owns substantial stakes in several of Canada's most important companies, following the death a few days ago of its chairman and president, Mr. John Angus McDougald.

Mr. McDougald was one of the wealthiest and most powerful men in Canadian business whose fortune has been estimated at \$250m. and who appeared to have increased his influence over Argus and the various affiliates over which it has effective control without actually having full share control.

The affiliates include Massey-Ferguson, in which Argus holds 16 per cent. of the shares, Dominion Stores, the largest food retailing organisation in Canada (24 per cent.), Domtar, a Quebec-based giant in pulp and paper (17 per cent.), Standard Broadcasting Corporation, which owns radio stations and has a 52 per cent. interest in a tele-

vision broadcasting company (48 per cent.), and Hollinger Mines, which has large holdings in iron ore production (23 per cent.).

Speculation abounds over who might take over the reins of the business empire he helped to found in 1945 when he was a partner of E. P. Taylor, another legendary Canadian financier who was the biggest beer baron in Canada until he sold his interest in what was then known as Canadian Breweries, now Carling O'Keefe, to Rothmans.

There is also speculation about whether Montreal financier Mr. Paul Desmarais, chairman of Power Corporation of Canada, will resume his push for control of Argus, a move which failed in 1975 when Mr. McDougald rallied his associates to increase their holdings in Argus to more than 60 per cent. of the voting shares.

That control is held through little known Ravelston Corporation in which Mr. McDougald

held a direct interest of 23 per cent. and had voting power for another 23 per cent. owned by the estate of Mr. Eric Phillips, a long-time former associate. The families of the late Mr. J. M. Black and Mr. Maxwell Meighen hold 22 per cent. and 26 per cent. respectively.

Investors group is a highly successful holding company that provides a range of financial services through its operating subsidiaries. One offshoot is 50 per cent. owned by Great-West Life Assurance Company, which provides a full line of life insurance products in Canada and the U.S.

Investors also hold 50 per cent. of the issued shares of Montreal Trust company, one of the larger trust companies in Canada.

Power Corporation itself has controlling or substantial interests in real estate, television, glass manufacturing, transportation, oil and gas pipeline, pulp and paper, chemicals and other industries. Its offer is expected to be made in the middle of April.

The fight for control was fierce and personal. One of Mr. McDougald's friends and partners, Mr. Taylor, defected and sold his holdings in Argus to Mr. Desmarais.

At that time Mr. McDougald said of Mr. Taylor's defection: "He's perfectly free to do as he wishes, he's over 31."

But the chances of Mr. Desmarais turning his immediate attention to Argus seems remote at the moment. He is deeply involved in a major restructuring of his own financial empire based on Power Corporation. Only two days before Mr. McDougald's death, Power Corporation announced that it planned to make an offer of \$120m. for all the shares of Investors Group that Power did not already own.

Mr. Matthews considers it highly unlikely that the McDougald shares will be disposed of in the near future. "I think his estate and trustees will continue to manage his holdings. Succession is arranged, certainly for the near term."

Possibly the most influential

member of the Argus Board of directors now will be Mr. Meighen, a director since 1961 and chairman of the executive committee, but he is 68, a year older than Mr. Matthews.

Another Board member is Mr. Alex E. Barron, 59, but with no direct stake in Ravelston.

Among the younger men with an eye to the future are 38-year-old Mr. Conrad Black, son of the late Mr. Black, an associate of Mr. McDougald for many years. He joined the Argus Board in 1976, not long after his father's death, but is not a member of the executive committee.

Another is Mr. H. N. R. Jackson, 45, who joined the Board in 1975 and is a member of the executive committee. Mr. Jackson, who heads a couple of insurance companies, and interests associated with him are credited with holding about 8 per cent. of the Argus shares.

Although he does not have a direct stake in Ravelston, he could muster considerable financial resources to buy shares that the estate of a former executive might be offered by the firm, reports AP-DJ from Washington.

## EUROBONDS

## Mexican issue confirmed

By Francis Ghilas

THE DM200m. seven-year bullet for the United States of Mexico carrying an indicated coupon of 6 per cent. was confirmed by Deutsche Bank yesterday afternoon. It had been expected last week but was held up.

The issue was discussed at length by members of the Capital Markets sub-committee, which sets the timing and amount of new foreign bond issues each month, during an informal meeting held in Frankfurt last Friday afternoon in the wider context of the monthly meeting of the Capital Markets committee.

Some banks clearly favour a cutback in the flow of new issues because of the unsettling effect on the market of the holiday calendar of new issues last month and the currency front.

The terms offered on the sovereign bond are much tighter than those offered on two other Mexican issues, one of which was priced last week, the other which is due out at the end of this month.

The bond priced last week at par was DM130m. for 10 years, for an agency of the Mexican Government, Comision Federal de Electricidad. It carried a 6 per cent. coupon. It is still trading at a discount, the price being 98 1/2.

Even if allowance is made for the fact that a bond for a sovereign is of better quality than one for a state agency of that country, the terms being offered by Deutsche Bank are very tight and are bound to put pressure on the indicated 6 per cent. coupon being offered on the private placement.

The Capital Markets Sub-Committee also decided to increase the new issue calendar. It was confirmed yesterday that a top French state borrower will announce a DM200-250m. issue before the end of the week. The French treasury is expected to press for the very fine terms: the last French state borrower to float a DM bond was the Banque Paribas du Commerce Extérieur which last January raised DM150m. for 10 years with a coupon of 5 1/2 per cent.

The new issue is likely to carry a lower coupon and a longer maturity.

In the dollar sector, trading was quiet and prices fractionally up. The Norway issue met with a favourable reception and was being quoted in first day trading at 99 1/2-100.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

## MARATHON OIL COMPANY

U.S. \$200,000,000  
EURODOLLAR CONVERTIBLE  
REVOLVING CREDIT FACILITY

MANAGED BY

CHASE MANHATTAN LIMITED

PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.

NATIONAL WESTMINSTER BANK GROUP

BANK OF AMERICA NT &amp; SA

CHEMICAL BANK

CITIBANK, N.A.

COMPAGNIE FINANCIERE DE LA DEUTSCHE BANK AG

DRESNER BANK AKTIENGESELLSCHAFT  
(GRAND CAYMAN BRANCH)

THE FIRST NATIONAL BANK OF CHICAGO

THE BANK OF NOVA SCOTIA INTERNATIONAL (CURACAO) N.V.

BARCLAYS BANK INTERNATIONAL LIMITED

THE ROYAL BANK OF CANADA TRUST CORPORATION LIMITED

WESTLB INTERNATIONAL S.A.

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TORONTO DOMINION BANK INVESTMENTS (UK) LIMITED

AGENT

THE CHASE MANHATTAN BANK, N.A.

FEBRUARY 1978

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

## MARATHON OIL COMPANY

U.S. \$450,000,000  
CONVERTIBLE  
REVOLVING CREDIT FACILITY

PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.

BANK OF AMERICA NT &amp; SA

CHEMICAL BANK

CITIBANK, N.A.

THE FIRST NATIONAL BANK OF CHICAGO

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MANUFACTURERS HANOVER TRUST COMPANY SECURITY PACIFIC NATIONAL BANK

FIRST NATIONAL BANK IN DALLAS

REPUBLIC NATIONAL BANK OF DALLAS

THE NATIONAL CITY BANK  
OF CLEVELAND

PITTSBURGH NATIONAL BANK

FIRST CITY NATIONAL BANK  
OF HOUSTON

NATIONAL BANK OF DETROIT

THE CITIZENS &amp; SOUTHERN NATIONAL BANK

MANUFACTURERS NATIONAL BANK  
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BANK OF THE SOUTHWEST, N.A.

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THE CHASE MANHATTAN BANK, N.A.

FEBRUARY 1978

مكتبة الأمل







## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Primrose Industrial cold on Tongaat's offer

BY RICHARD ROLFE

THE CASE offer by Tongaat Group, the sugar producer which has diversified into textiles, building materials, and foods, for Primrose Industrial, the main producer of bricks in S. Africa, is a relatively unusual event in local terms, because Primrose is one of the few quoted companies without a dominant shareholder.

Its directors have not approved the bid and while their formal response will be delayed until Tongaat has sent out its offer documents, initial indications are that the 120 cents offer will be a significant premium on Primrose's 84 cents previous price.

The offer capitalises Primrose at R13.9m, and compares with the net worth of the last balance sheet of R32m. The Board's defence in due course will probably revolve around the size of the discount at which Tongaat stands to win control if its offer succeeds, with the thought thrown in that Primrose's net worth includes perfectly good plant written down to nothing in the books.

Sources close to the company indicated today that a realistic value for Primrose's assets might be around R48m, or nearer 450 cents per share.

The offer could conceivably fall foul of the Republic's little-used monopoly legislation, only being overhauled in a draft Bill on Maintenance and Promotion of the combined group would

JOHANNESBURG, March 20.

control nearly 100 per cent. of the face brick market and well over half that for stock bricks.

Whether there is a reference under the existing anti-monopolies legislation would probably depend on the attitude of major customers for bricks. However, it is possible that both customers and the authorities would take the view that adequate protection exists via the system of price control under which brick prices are administered by the State.

Following the Tongaat offer, Primrose announced that it is to acquire Roodenari Brickworks for 340,000 Primrose shares and R6.1m. cash.

This deal would raise Primrose's total brick-making capacity from 75m. to 85m bricks a month and will increase the number of Primrose shares in issue to just over 41m. The deal is expected to provide important rationalisation benefits.

Behind Tongaat stands Anglo-American, the largest shareholder with 25 per cent. of the shares. Anglo's involvement, however indirect, could be a factor promoting a counter offer from Afrikaanser interests, though financial rather than political considerations will probably be paramount in this case.

While it is early days, Primrose shares traded 5 cents above the Tongaat offer price at 135 cents today.

## AUSTRALIAN MOTOR INDUSTRY

## Government concerned over slump

BY JAMES FORTH IN SYDNEY

AUSTRALIA has one of the most heavily protected motor vehicle industries in the world. The Industries Assistance Commission recently estimated that 1968 and compared with this costing resulted in Australians paying double the price of a new car compared to their counterparts in major overseas vehicle markets.

In spite of this, the local industry is in difficulties and no early relief is in sight. Two of the "big three" local manufacturers, General Motors-Holden's and Chrysler have already reported losses, while the third, Ford, earned a small profit. The Japanese group, Nissan, which along with Toyota, is soon to join the ranks of the local manufacturers, is also expected to announce a loss for the latest year.

The essential problem is that the local industry cannot sell its products, in spite of high tariff barriers and import quotas and the rising value of the Japanese yen, which is eroding the competitiveness of imported Japanese vehicles. The Australian consumer has slowed down purchases of new vehicles.

The result was that 1977 was one of the worst years ever for the local manufacturers. Total registrations of new vehicles dropped 7 per cent. from 603,000 units to 560,000. The most optimistic forecasts for 1978 are for registrations of between 570,000 and 580,000 but the January figures, and the indications to date for February suggest that the figure will fall well short of the level.

Alarmed at the trend in the industry, which is one of the major employment areas, the Federal Government last October promised the manufacturers that high protection against imports would be continued until at least the end of 1979 with the prospect that it will continue well beyond that point.

Arrangements to ensure that the market was not disrupted beyond that period would be determined in 1979. The Government rejected a recommendation from the IAC that the policy to guarantee the local industry 80 per cent. of sales should end on December 1979. It decided that the present tariff rate of 45 per cent. for passenger vehicles would continue until December 1980. A provision for lower tariffs when imports fell below 20 per cent. of total registrations would be suspended until that date.

These steps were taken despite claims by the IAC that the high levels of assistance to the industry would result in "significant and pervasive cost increases throughout the economy".

The commission also suggested that the increased cost of motor vehicles had contributed to a significant degree in the inflationary spiral, and questioned whether the Government's protectionist policies would preserve employment in the industry.

The unions are also questioning this tenet. In fact the Vehicle Builders' Employees' Federation, which controls 85 per cent. of the vehicle building workforce, earlier this month attempted to take matters into

its own hands and banned the employment of any more workers in the industry. The union said that it had decided to "close the books" of its membership. No new union members would be accepted until the major motor vehicle companies were prepared to discuss the labour situation and future job security of workers in the industry.

The union's federal secretary, Mr. Len Townsend, claimed that the workforce in the industry had declined by 12 per cent. over the past year and that to "delay the control of labour any longer would be a case of shutting the stable door after the horse had bolted".

The motor vehicle companies, predictably, have stated they cannot agree to the union ultimatum and that labour requirements are matters for their management to decide. Senior union officials believe that the ban will be ignored by some States, and other unions in the industry, particularly as some companies were employing workers. But the ban is symptomatic of the state of the industry.

Worried at the slump, the Government is keeping its options open on import quotas and has declined to set a figure on an interim allocation for imports in case sales fall below

estimates. If this is the case the quotas, when they are set, appear likely to reflect this situation. On top of this move the Government is considering extending the 80 per cent. local market guarantee to cover light commercial vehicles as well as passenger vehicles. Local manufacturers have for some time complained that imported vans and four wheel vehicles have been making inroads into passenger vehicle sales.

The dilemma facing the Government is that increased protection for local light commercial vehicles could also result in a sharp increase in unemployment among dealers and distributors handling imported vehicles. There appears no easy road for the Government to travel.

**Dilemma**  
The Government has asked the IAC to report by the end of April on whether 80 per cent. of the light commercial vehicle market should be reserved for local manufacturers. It will also consider the possibility of increasing the rate of duty and introducing a local content plan for this segment of the market. At the moment light commercial vehicles come into the country at a duty rate of only 15 per cent. and do not have to comply with the same local design rules. The dilemma facing the Government is that increased protection for local light commercial vehicles could also result in a sharp increase in unemployment among dealers and distributors handling imported vehicles. There appears no easy road for the Government to travel.

**Labour situation**  
The unions are also questioning this tenet. In fact the Vehicle Builders' Employees' Federation, which controls 85 per cent. of the vehicle building workforce, earlier this month attempted to take matters into

its assets, including a controlling interest in Robe River, which holds 35 per cent. of the Robe River iron ore project in Western Australia.

Bond Corporation had an option to acquire Tokyu's 49 per cent. stake in Yanchep which ran out last week.

The directors of Bond Corporation said that the economic reversals suffered in Australia severely affected the continuance of the Yanchep project. It was preferable for Yanchep in being controlled by one party. When Bond Corporation was granted its option a proposal was made to acquire the whole of the Yanchep project. But the directors were told this would be in conflict with the Government's present policy of maximum restraint on Government spending.

It would also cut across a number of areas of assistance that the Federal Government extended to the States, local governments and various other organisations. Moreover, the economic downturn created liquidity difficulties within Bond Corporation, and the group in recent years has sold several of

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## Wheelock Marden moves ahead

BY DANIEL NELSON

HONG KONG, March 20.

WHEELLOCK MARDEN, the Hong Kong-based property and trading group, continued to climb away from its 1975 profit low of HK\$30m, with a consolidated post-tax profit of HK\$38.8m.

The figure is for the six months to September 30, the corresponding period last year. There are also unspecified extraordinary profits which will be transferred to capital reserve.

Mr. John Marden, the chairman, wants that the figures should not be taken as indicative of the final profit for the year because profits accrue on an uneven basis throughout the financial year. But he adds that operations for the nine months to December show an improvement over the comparable nine months of 1976.

The interim dividend is five cents per share (compared with 4.5 cents per share in 1976), absorbing HK\$13.07m. The directors expect to recommend a final of not less than

10 cents per A share and one cent per B share. Last October, Marden forecast that profits would be higher than the HK\$4.18m achieved in 1977 and that the dividend would not be less than 12.5 cents and 1.25 cents for A and B shares respectively.

The chairman said that the quoted subsidiaries—Allied Investors Corporation, Beauport Holdings, Harriman Holdings, Hongkong Realty and Trust, Lane Crawford and Wheelock Marden International—had all reported favourable trends; good results had been achieved overall by the non-quoted Hongkong subsidiaries.

He reported that Realty Development Corporation had a slight reduction in rental income and that Mr. John Cheung's 3.44 per cent. from the Board to concentrate on Realty's activities. Operations in Japan and Indonesia showed continued progress. Australia was clearly again disappointing, and Mr. Nelson from Hong Kong.

HONG KONG, March 20.

Marden added that the establishment and overheads there are being reduced but the company's presence in the area would be maintained "for the present" to enable us to take advantage of any improvement in the business climate for external investors which might occur within a reasonable future period.

HUTCHISON Properties' 1977 profit fell from HK\$25.23m. to HK\$21.44m. (US\$4.7m.), but the final dividend is increased to 43 cents, making a total of 83 cents. Daniel Nelson writes from Hong Kong.

HONG KONG Aircraft Engineering announced a HK\$30.31m. (US\$4.6m.) profit for 1977 (up 14.28 per cent.), and a final dividend of HK\$2.20 (HK\$2) for a total of HK\$3.20, writes Daniel Nelson from Hong Kong.

HONG KONG Aircraft Engineering announced a HK\$30.31m. (US\$4.6m.) profit for 1977 (up 14.28 per cent.), and a final dividend of HK\$2.20 (HK\$2) for a total of HK\$3.20, writes Daniel Nelson from Hong Kong.

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## AUSTRALIAN COMPANIES

## Email lifts earnings

By Our Own Correspondent

EMAIL, major electrical appliances maker, more than doubled earnings in the year to December 31, from \$A3.5m. to \$A8.2m. (\$US7.1m.).

The recovery more than makes up ground lost over the past two years. The directors said the substantially improved result was due to management performance, cost control, technological advances, termination of unprofitable activities and a growth in overseas business.

They said that it was too early to assess the trend in the current year, but that further improvement in the economy and stable industrial relations should allow a satisfactory result.

The dividend is increased from 6.5 cents a share to 9 cents.

ADVERTISER Newspapers, Adelaide-based newspaper and media group, has raised its dividend from 10 cents to 12.5 cents a share following a rise in profit of a third for 1977.

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## Bond sells Yanchep resort stake

BY JAMES FORTH

SYDNEY, March 20.

BOND CORPORATION, controlled by Western Australian businessman, Mr. Alan Bond has sold its 51 per cent. in the ambitious Yanchep San City Western Australia.

resort development project to the Japanese partner, Tokyu Corporation. Bond bought 7,000 hectares at Yanchep, 35 miles north of Perth in the late sixties.

Mr. Bond has made two challenges—both unsuccessful—for the America's Cup, sailed off Newport, Rhode Island. If he had succeeded, Mr. Bond intended to sail future challenges for the cup at Yanchep. In 1974, the Japanese group Tokyu bought a 49 per cent. stake in Yanchep. To date about \$A20m. has been spent on the project and about 2,000 people now live at Yanchep.

The collapse of the property economic downturn created liquidity difficulties within Bond Corporation, and the group in recent years has sold several of

its assets, including a controlling interest in Robe River, which holds 35 per cent. of the Robe River iron ore project in Western Australia.

Bond Corporation had an option to acquire Tokyu's 49 per cent. stake in Yanchep which ran out last week.

The directors of Bond Corporation said that the economic reversals suffered in Australia severely affected the continuance of the Yanchep project. It was preferable for Yanchep in being controlled by one party. When Bond Corporation was granted its option a proposal was made to acquire the whole of the Yanchep project. But the directors were told this would be in conflict with the Government's present policy of maximum restraint on Government spending.

It would also cut across a number of areas of assistance that the Federal Government extended to the States, local governments and various other organisations. Moreover, the economic downturn created liquidity difficulties within Bond Corporation, and the group in recent years has sold several of

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## MULTI-BANK CONSORTIA IV

## Soaking up the oil surplus

ONE OF THE important sources of the funds flowing to consortium banks, and of course other international banks, has been the "petromoney" surplus of the oil producing nations which continues to run at well over \$30bn. (£10.7bn.) a year and is expected to go on doing so.

Some of the oil cash finds its way into the big general consortium banks, such as Orion Bank. But a considerable amount more goes into the more specialist multi-national banks, such as Saudi International Bank and UBAF, which have particular links with the Arab world. It is notable that these Middle East-oriented consortium banks have tended to show more durability of shape and structure, and more growth than has sometimes been the case in recent years elsewhere in the multi-bank field.

While some international consortium banks have radically

changed their character, with one or more participant taking over control by buying out its partners — as with London Multinational Bank and Bank of Tokyo and Detroit (International), formerly Western American Bank — the Middle East-linked operations have found a formula which has generally proved more lasting. Often a larger or smaller group of banks and sometimes other parties based in, or connected with, the OPEC area have set up in the West, frequently in London, in partnership with leading Western banking interests. The latter help to supply expertise and vital ties with the established banking system receiving access, in turn, to expanding business linked with the growing wealth of the oil states.

Recently, with the increasing Middle East experience of the complexities of international banking, there have been signs

of a growth in banking concerns of mixed ownership, but with a much more dominant Middle East shareholding than was customary earlier. One example is the fast-expanding Bank of Credit and Commerce International, which is rather untypical in having extensive retail branches in the U.K. It is largely owned from the Gulf, though Bank of America has a stake, already reduced from 30 per cent. to 24 per cent, and which is likely to be cut back over time as BCCI builds up independently in the Middle East. Another example is International Resources and Finance Bank, set up last year with a string of Middle East shareholders, but also with a 30 per cent. holding by Bank of Montreal and 10 per cent. in the hands of an Egyptian Bank, Arab African Bank.

The pattern of investment of petromoney does not, however, remain constant and a steady

growth in the variety of outlets for oil funds has in some instances diminished the flow of Middle East cash placed as deposits with consortium and other banks in recent months. A growing taste for direct investment of oil surplus cash in private placements of securities by institutions or large companies has absorbed increasing amounts of the oil money while there have also been signs of some direct lending arrangements between big Middle East sources and Governments of advanced countries in Europe and elsewhere.

The effect of all this, coupled with certain borrowings raised from the OPEC area, particularly Venezuela, has been somewhat to slow down the flow of petromoney into bank deposits with the Western-based banking system as a whole. The Bank of England, in its Quarterly Bulletin issued this month, noted that in the last quarter of 1977 "the oil-exporting countries increased their deposits by less than \$1bn, while drawing new credit of \$2.1bn; they were therefore net borrowers for the first time since 1973."

The weakness of the dollar over the last year has been a much-discussed phenomenon and it has been accompanied by a certain modest redeployment of OPEC deposits. But though this has led to some rise in the amount held by the oil countries in sterling in Britain, after a long fall, the trend has made little difference to the OPEC area's essential policy of holding the biggest share of its investments in dollar form.

Much as the OPEC states would like the price of oil raised in dollar terms to sustain the true value of their petroleum income, all the indications are that their revenue will continue to be paid essentially in dollars — and that much of it will be invested in the same currency. The danger of hitting the dollar by extensive switches so that the remaining large holdings of the U.S. currency fall further in value is a potent deterrent for the Arab leaders.

The size of the oil states' total surplus for investment remains large, according to all calculations. Morgan Guaranty Trust, which conducts regular surveys on the subject, estimated in the November, 1977, issue of its "World Financial Markets" that OPEC oil surpluses would add up to \$35bn. in 1977 (compared with \$30bn. in 1976). The surplus was forecast to rise to

\$37bn. in 1978, which would bring net external assets of the OPEC countries to the truly formidable total of \$178bn.

The Bank of England's latest Quarterly Bulletin put the OPEC surpluses in 1977 at \$35bn. The Bank estimates the total placed in foreign currency deposits in Britain (essentially via the Eurocurrency market) at \$2.4bn. in 1977, compared with a larger \$5.6bn. in the preceding year, though it identifies a net outflow of \$500m. in the final quarter of 1977, which is presumably associated with large borrowings by some OPEC countries. OPEC deposits in sterling in Britain in 1977 recovered to an inflow worth \$300m., against a \$1.4bn. outflow in 1976. Meanwhile, a new bank deposits placed by OPEC sources in countries other than the U.S. and Britain rose to \$8.5bn. in 1977, compared with \$7bn. in 1976.

## Investment

The extent to which petromoney is now being invested in private placements, as distinct from going into bank deposits, is highlighted in the recent 1977 report and accounts of Saudi International Bank. In his statement, as executive director, Mr. Edgar Fenton noted that "the investment of excess funds by the Arabian Gulf countries, particularly Saudi Arabia, through the medium of private placements, is increasing rapidly. We were involved in the arrangement of several private placements in 1977 and anticipate a further increase in this activity in 1978."

Saudi International Bank, set up in London in 1976, is typical of the increasingly important type of Middle East-linked consortium operation. Half its capital, which was doubled to £25m. in 1977, is held by Saudi Arabia's central bank, the Saudi Arabian Monetary Authority, and another 5 per cent. by two Saudi banks. But there is also a major 20 per cent. holding by Morgan Guaranty Trust and smaller stakes of 5 per cent. by five leading Western banks, the National Westminster, Banque Nationale de Paris, Deutsche Bank, Union Bank of Switzerland and the Bank of Tokyo.

By the end of 1977, its first complete financial year of operation, the bank had total assets of £416m., against £228m. a year earlier. A fifth of its £381m. of deposits are denominated in Saudi riyals;

some of these relate to advance payments which companies with contracts in Saudi Arabia have received and may spend there, while others represent money deposited as performance bonds. While a major part of SIB's total deposits clearly derive from Arab sources, these — including institutions, pan-Arab bodies, companies and individuals — are obtained on normal competitive terms.

UBAF Bank, the U.K. bank closely linked with the Paris-based Union de Banques Arabes et Françaises (which in turn has a long list of Arab shareholders) is another concern which receives a considerable part of its deposits from Arab sources. Some two years ago the proportion of such funds in the UBAF group was put at around 50 per cent. The British UBAF bank, which last week reported that its total assets rose in 1977 to £431m. from £373m., while it earned net profits of £1.36m., against £1.04m. in 1976, is half owned by UBAF of Paris. Stakes of 25 per cent. each in it are held by the Midland Bank and Libyan Arab Foreign Bank.

Following problems which Arab shareholders as well as eventually brought substantial participation by big Western banks, including Société Générale, the Midland Bank and Crédit Suisse. Another to set up in Britain in 1977 with a representative office, is Al Saudi Barclays Bank International Banque, whose shareholders holds a 30 per cent. interest, again include a number of Arab bodies, notably through as major Western banks such as Al-Mubarakah Finance Holding (representing a number of individual Arab businessmen) while Al-Tajir Bank, of the Cayman Islands, controlled by Mohamed Mahdi Al Tajir, the United Arab Emirates' Ambassador to Britain, has a further sizeable stake. There is also a Nigerian interest. The bank's objective is to conduct an international commercial banking business as well as carrying out portfolio management and participating in the arrangement of international syndicated loans.

Among other international consortium concerns with a Samuel, in which the U.S. strong Middle East flavour are concern, First City Bank and European Arab Bank, which last year set up a branch in London and which has a wide range of

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Margaret Reid



## Eurobraz

**European Brazilian Bank Limited**

Bucklersbury House, 11 Walbrook, London, EC4N 8HP. Telephone: 01-236 1066. Telex: 887012 3.  
Representative Office in Brazil: Av. Rio Branco 115, 7º andar, Rio de Janeiro.  
Tel: 263-7997, 263-7997, 232-2740, Telex: 2122625.

Our primary function is to raise finance for development in Brazil in particular and in other Latin American countries. How successful we have been in the five years since our foundation is reflected by our current total assets of over U.S.\$1 billion.

**Shareholders:—**

- Banco do Brasil S.A.
- Bank of America Group
- The Dai-ichi Kangyo Bank, Limited
- Deutsche Bank A.G.
- Union Bank of Switzerland

## Herstatt and after

REVERBERATIONS from the crash of Bank Herstatt can still be heard, and nowhere more notably than among the consortium banks. Indeed some of the effects of the crash on the structure of the consortium banks' business now look as though they have become permanent.

When the German bank I. D. Herstatt was closed in mid-1974, the result was a collapse of confidence among international depositors. This provoked a shift of dollar deposits towards the world's largest dollar-based banks: the big U.S. banks. A wide range of non-dollar-based banks were affected to some extent, but those most affected were the small banks and the consortium banks.

## Depositors

The reason why the consortium banks were among the worst affected was that depositors did not know who, if any, one would pick up the tab if these banks got into difficulties. No single shareholder had majority control or could be viewed as responsible while there was no clear lender of last resort: the majority of the consortium banks the most of their business in dollars but were not incorporated in the U.S. In practice, what happened in the few cases where banks were threatened with default was that shareholders jointly took action and this system was formalized into principle as a result of the Bank of England's request that shareholding banks should effectively guarantee the consortium bank, pro rata to the size of their shareholding.

Since then, the fear of default among these banks has receded. However, the banks have not recaptured their former position in the Eurocurrency markets. The reasons for this have been set out in other articles in this survey. The story of the consortium banks' decline and partial recovery can best be read in the Bank of England's quarterly analysis of the Eurocurrency business of consortium banks incorporated in the U.K. No comparable statistical analysis is available for consortium banks elsewhere, but the bulk of them are in London and the Bank of England's statistics should not, therefore, be too misleading for the sector as a whole.

As can be seen from the table, there was a sharp fall in the London consortium banks' deposits after the Herstatt crisis. From a peak of \$13.1bn. just before Herstatt broke, their deposits fell to a low point of about \$9.1bn. early in 1976. It took these banks nearly three years to regain their pre-Herstatt size—deposits rose above \$12.1bn. only a year ago. Before Herstatt, the consortium banks accounted for about 5 per cent. of the London dollar market. By early 1976, this had fallen to about 3½ per cent. and on the

CONTINUED ON NEXT PAGE

## THE CONSORTIA BANKS SINCE HERSTATT\*

	May 1974	Nov. 1974	Nov. 1975	Nov. 1976	Nov. 1977	ALL U.K. banks Nov. 1977
Total deposits \$bn.	12.4	10.3	9.8	11.7	13.8	225.4
Medium term loans \$bn.	4.5	4.7	4.5	5.1	5.7	52.3
% of total loans	35.0	45.6	44.4	42.2	41.3	23.3
Deposit ratio for medium term loans	14.7	11.1	5.7	6.5	6.6	26.9

\* The Eurocurrency business of London based consortium banks. Medium term deposits as a percentage of medium term loans.

## EULABANK

Extract from Audited Accounts for the Third Financial Year ended 30th September

	1977	1976
Share Capital and Retained Profits	£ 13,188,270	£ 10,192,063
Deposits	143,983,522	90,134,035
Cash, at banks, money at call and short notice, CD'S	36,780,318	15,956,634
Deposits with banks	8,601,784	5,760,056
Loans	110,290,052	79,666,882
Total Assets	180,030,529	103,668,849
Profit before Taxation	3,068,057	1,750,314
Profit after Taxation	1,526,207	719,105

## SHAREHOLDERS

Europe	Latin America
Argentine Bank Nederland NV, AMSTERDAM.	Banco Saefin SA, MEXICO D.F.
Banco Nacional del Lavoro, ROME.	Banco de Colombia, BOGOTA.
Banco Central SA, MADRID.	Banco del Estado de Chile, SANTIAGO.
Banque Bruxelles Lambert SA, BRUSSELS.	Banco de la Nación, LIMA.
Banque Nationale de Paris SA, PARIS.	Banco de la Nación Argentina, BUENOS AIRES.
Barclays Bank International Ltd, LONDON.	Banco de la Republica Oriental del Uruguay, MONTEVIDEO.
Bayernische Hypothek- und Wechselbank, MUNICH.	Banco del Pichincha, QUITO.
Deutsch-Italiensbank AG, HAMBURG.	Banco do Brasil SA, BRASILIA.
Dresdner Bank AG, DRESDEN.	Banco Industrial de Venezuela, CARACAS.
Frankfurter Allgemeine Bank AG, FRANKFURT.	Banco Mercantil de São Paulo SA, SAO PAULO.

Copies of the Annual Report may be obtained from the Secretary.

**Euro-Latin American Bank Limited**

65 Abchurch Lane, London EC4N 3SE. Tel: 01-406 6141. Telex: 881162.

## IRANVEST

Iran Overseas Investment Bank Limited

## Shareholders:

- Bank Mellat Iran.
- Industrial and Mining Development Bank of Iran.
- Barclays Bank International Limited.
- Midland Bank Limited.
- Deutsche Bank AG.
- Société Générale.
- Bank of America NT & SA.
- Manufacturers Hanover International Banking Corporation.
- Bank of Tokyo Limited.
- Industrial Bank of Japan Limited.

## Banking services include:

- Eurocurrency Credits
- Export Credit and International Loans.
- Project Financing.
- Private Placements.
- Foreign Exchange.

120 Moorgate, London EC2M 6TS. Telephone 01-638 4831  
Telex 887285 and 887307 (Dealers).

## International Energy Bank Limited

Winchester House 100 Old Broad Street, London EC2M 1BE  
Telephone: 01-638 3588. Telex: 881151  
883458 (Foreign Exchange)

The specialised bank for financing energy requirements worldwide

Bankers: Standard Bank, Western Bank, Bank of America, Citicorp, Imperial Bank of Commerce, Royal Bank of Canada, etc. See also: 883458 (Foreign Exchange)











# FARMING AND RAW MATERIALS

## Cocoa and coffee power

**Richard Money**  
FUTURES prices on the London market ended sharply higher yesterday as manufacturers moved to stand clear of the fall. Dealers said trading was low and attributed the fall, which took the May contract down another 250 to 5.5 a tonne, mainly to "sentiment". They said producers were generally reluctant to allow some sales from the Brazilian temporary crop were made.

A sharp buying flurry after the opening of the May contract to £1,590 a tonne, based on reports of substantial losses of coffee powder in a Dutch factory in West Java, put the price back up to £1,600. Early in the day, the price fell to £1,580, but later the plant said the correct figure was nearer £1,600. The fact that the Koninklijke Akten NV group, a subsequent decline in the price was encouraged by a report in New York that the Dutch factory had closed for a week.

Although there was fundamental news to the contrary, the price fell to £1,565 a tonne, below the pre-week-end level, by the end of the day. Dealers said the fall may have been induced by vague reports that the Dutch factory had closed for a week.

## General fall in London metal markets

**By JOHN EDWARDS, COMMODITIES EDITOR**  
THERE WAS a general fall in metal prices yesterday following the fall in the price of copper. Copper lost the bulk of its gain with cash wirebars falling by £18 to £566.75 a tonne. Cash tin fell by £117.5 to £5,755 a tonne—its lowest point since last July—following a sharp decline in the Penang market over the week-end.

Cash lead also lost most of its gain with the May contract falling by £10.75 to £302.25 a tonne, and cash zinc fell by £8.25 to £265.5 a tonne.

Silver values came down heavily. The London bullion spot quotation was cut by 6.75 to 275.50 an ounce at the morning fixing, and the market dipped further in the afternoon with the May contract falling by 10.75 to £1,590 a tonne.

The general downward trend appears to have been established in the U.S. In the case of copper, an additional "bearish" influence was the failure of U.S. producers to raise domestic copper prices as was widely rumoured last week. Zambia too has not officially announced any cut in deliveries yet despite the worsening congestion at Dar-es-Salaam port and there is speculation that a deal might be reached to go ahead with plans to increase output.

As a result the market virtually ignored another, rather large, tonnage sale of tin in warehouse stock. They dropped by 4.175 (tonnes cutting total holdings to 583,125 tonnes).

A fall of 180 tonnes in tin stocks, reducing total warehouse stocks to 20,000 tonnes, was also unexpected since a small rise has been forecast. But this was overshadowed by the further decline in the Penang market over the week-end of over \$136 to \$115.535 a picul, only \$133.625 above the International Tin Agreement price range "ceiling".

## London tea auctions postponed

**By Our Commodities Editor**  
THE LONDON tea auctions, normally held on Monday, have been postponed until tomorrow in the hope that U.K. tea blenders will be able to return as buyers by then.

Mr. Ray Hattersley, Prices Minister, is due to announce today whether or not he intends to go ahead with plans to impose a maximum retail price to implement the recommendations of the recent controversial Prices Commission report on the tea industry.

It is generally expected that the Government will not take any legislative action.

However, until a definite decision is made the blenders have decided that it would be "madness" to buy tea at the auctions which they know the price will be over 75 per cent below the finished product. As a result, they have boycotted London auctions for the past two weeks.

Postponement of this week's auctions until tomorrow will give the blenders, who normally buy over 75 per cent of the total London offerings, a chance to rebuild stocks before the Easter holiday.

## NEW ZEALAND AGRICULTURE

# Stock farms suffer as pastures wither

**By DAI HAYWARD IN WELLINGTON**  
USUALLY GREEN and fertile New Zealand farmlands are parched and burnt from what is rapidly becoming the worst drought in the country's history. The Government has rushed through emergency aid for sheep and dairy farmers hit by the worsening conditions.

The water shortage is unusually widespread, affecting farmers from Otago in the south to North Auckland. Conditions in many areas are now critical and farmers are considering killing stock because of lack of feed and water.

In efforts to save breeding stock farmers are transporting them more than 200 kilometres to areas where some feed remains. The Government is paying transport charges to carry livestock 200 kilometres and 50 per cent of the cost if farmers have to go beyond that distance to save their animals.

Even in areas with irrigation schemes, lack of rain has brought problems. Water supply has been cut 50 per cent, and many farms, especially in North Otago, have run out of irrigation water completely. In some areas there has been less than one quarter of the normal rainfall between November and mid-March.

In Taranaki only 2mm of rain has fallen in the past month and rainfall since the start of the year is only 50 per cent of average. Water for dry dairy farmers is only 10 per cent of what it was at the start of the year. Now many cows are producing no milk at all.

Another wave of drought conditions—and the weather office offers no hope of the drought breaking—will give Canterbury farmers a record period of 100 days with no growth of grass at all.

Meat freezing plants cannot cope with number of stock waiting to be killed and every day see a lamb or sheep losing weight and condition. Grain and winter supplies being held for farmers struggle to keep stock alive.

Officials are now worried there will not be enough time for grass to grow again to provide feed for winter. Winter feed usually planted in January or February are suffering because of lack of rainfall. In many areas farmers have not been able to sow grass for winter feed at all.

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## Soviet cotton production record

**WASHINGTON, March 20.** COTTON PRODUCTION in the Soviet Union last year was a record 8.76m tonnes, the U.S. Commerce Department reports.

The weekly magazine Foreign Commerce the Department said crop was 6 per cent above output and 4 per cent above previous record set in 1974.

Net cotton imports in 1976-77 were 117,000 tonnes, 16 per cent below 1976 and the lowest since 1967.

The 1977 crop should be the USSR's largest cotton crop in its history. Exports totalled 878,000 tonnes in 1976. Data is not available for 1977.

## French seek EEC protein policy

**By CHRISTOPHER PARKES**  
THE FRENCH Government is demanding the Common Market should formulate a "protein policy." It wants imports of soy and other vegetable proteins reduced and taxed, and action taken to encourage increased production of substitutes inside Europe.

A senior civil servant from the French Ministry of Agriculture is to head a special inter-ministerial team in charge of the campaign.

In an announcement which was largely unheard through the clamour of the election campaign the French Cabinet called for a minimum import price and variable import levies on purchases of proteins from outside the EEC.

It also proposed a Community regulation governing and assisting with grants production in the Nine of vegetables high in protein, such as soy, rape seed, linseed, peas and beans.

And to found off its package Paris demanded limits on the importation of manioc or cassava.

This tropical starch is being used increasingly in animal feed as a substitute for barley. It is high in energy content but has little protein, and to make it a useful substitute for home-grown cereals the animal feed makers usually mix it with high-protein meal from imported soy.

If the EEC does not agree to such a policy, the French Ministry of Agriculture says growers of protein crops should be given every financial incentive to help reduce dependence on imports. It fails to make clear, however, whether the Government or the Community will pay for the assistance.

The question of taxing protein imports—soya from the U.S., for example—has been a major

## Australia to probe whaling industry

**CANBERRA, March 20.** MR. MALCOLM FRASER, the Australian Premier, has announced a wide-ranging inquiry into the country's whaling industry. To be headed by Sir Sydney Frost, until recently Chief Justice of the Papua New Guinea Supreme Court.

This follows an active campaign last year by environmentalists of the country's only whaling station, Western Australia, and a campaign promise by Mr. Fraser last November to investigate whaling.

The terms of reference for the inquiry included an examination of whether Australian whaling should continue and whether present international whaling regulations reflected Australian concern for the preservation of the species.

Mr. Fraser said he expected the inquiry would be concluded by September or soon afterwards.

## Premier steps in to settle meat strike

**BY OUR OWN CORRESPONDENT**  
TO AVOID the threatened national strike which would have crippled New Zealand's vital meat exporting industry, Prime Minister Robert Muldoon has negotiated a wage increase with the Meat Workers' Union.

Although this will not meet meat companies' demands for a 10 per cent increase, the Government has agreed to a 5 per cent increase in wages.

The employees were not given details of the agreement until after it was settled by the union and Government representatives, and they have protested strongly at not being consulted in a deal which will cost them millions of dollars.

The New Zealand Meat Producers' Federation has also criticised the deal as being "a dangerous precedent."

Muldoon justified the subsidy by saying that could be regarded as aid to a drought-stricken farming industry.

If a settlement had not been reached the union was going to shut down all 39 freezing works in New Zealand this week. This could have dealt a crippling blow to the vital meat industry at the time of the killing season.

Neither the hard-pressed farming industry nor the Government could allow such a stoppage which would have had a shattering effect on the national economy.

## INDIA SEEKS QUICKSILVER

**NEW DELHI, March 20.** A State-owned Minerals and Metals Trading Corporation has asked lenders for the purchase of 500 tons of quicksilver.

The corporation, which is a subsidiary of the Indian Ministry of Mines, has followed its order later in the year for another 300 tons.

## Pigmeat ban protest

**By MARGARET VAN HATTEN**  
BRUSSELS, March 20. To-morrow and could lead to legal action against the French if they persist with the ban and if their suspicions of swine fever cannot be substantiated.

However, diplomatic sources in Brussels interpret the ban as a pre-emption move in support of the French Government's failure to back up the Commission's mission's support for a cut in the monetary compensatory amounts on pigmeat. These amounts, which subsidise imports, are enabling Dutch and Belgian pig producers to under-cut French domestic prices.

## COMMODITY MARKET REPORTS AND PRICES

BASE METALS			
IRON	1000	1000	1000
STEEL	1000	1000	1000
COPPER	1000	1000	1000
ZINC	1000	1000	1000
LEAD	1000	1000	1000
TIN	1000	1000	1000
ALUMINUM	1000	1000	1000
SILVER	1000	1000	1000
GOLD	1000	1000	1000

## COFFEE

Grade	Price
Arabica	1000
Robusta	1000
Liberal	1000
Superior	1000
Standard	1000
Low	1000

## PRICE CHANGES

Commodity	Price
Wheat	1000
Barley	1000
Oats	1000
Rye	1000
Millet	1000
Sorghum	1000
Maize	1000
Beans	1000
Peas	1000
Lentils	1000

## WEEKLY MARKET REPORT

Free to Trading Clients, this Report gives fundamental and technical analysis of the major London Markets and is available to all subscribers. It is available to all subscribers. It is available to all subscribers.

## CCSI Commodities Ltd

15 Abchurch Lane, London EC4N 3AH

## SOYABEAN MEAL

Grade	Price
Full	1000
Cracked	1000
Low	1000

## SUGAR

Grade	Price
White	1000
Yellow	1000
Low	1000

## ALL WORK AND NO PLAY MAKES JACK A DULL BOY

We are looking for a Jack who is a dull boy. We are looking for a Jack who is a dull boy. We are looking for a Jack who is a dull boy.

## GRAINS

Grade	Price
Wheat	1000
Barley	1000
Oats	1000

## FINANCIAL TIMES

Commodity	Price
Wheat	1000
Barley	1000
Oats	1000

## IAS COCOA BOTTOMED?

The rally in Cocoa the start of a major reversal, or is it? The U.K. for the weekly charts: £118 for weekly and daily plus long term history) will help you decide.

## MEAT/VEGETABLES

Grade	Price
Beef	1000
Pork	1000
Lamb	1000

## WOOL FUTURES

Grade	Price
Wool	1000

## Wool futures

Grade	Price
Wool	1000

## MEAT/VEGETABLES

Grade	Price
Beef	1000
Pork	1000
Lamb	1000

## WOOL FUTURES

Grade	Price
Wool	1000







## OFFSHORE AND OVERSEAS FUNDS

**Arbutnot Securities (C.I.) Limited**  
200, 210, 220, 230, 240, 250, 260, 270, 280, 290, 300, 310, 320, 330, 340, 350, 360, 370, 380, 390, 400, 410, 420, 430, 440, 450, 460, 470, 480, 490, 500, 510, 520, 530, 540, 550, 560, 570, 580, 590, 600, 610, 620, 630, 640, 650, 660, 670, 680, 690, 700, 710, 720, 730, 740, 750, 760, 770, 780, 790, 800, 810, 820, 830, 840, 850, 860, 870, 880, 890, 900, 910, 920, 930, 940, 950, 960, 970, 980, 990, 1000, 1010, 1020, 1030, 1040, 1050, 1060, 1070, 1080, 1090, 1100, 1110, 1120, 1130, 1140, 1150, 1160, 1170, 1180, 1190, 1200, 1210, 1220, 1230, 1240, 1250, 1260, 1270, 1280, 1290, 1300, 1310, 1320, 1330, 1340, 1350, 1360, 1370, 1380, 1390, 1400, 1410, 1420, 1430, 1440, 1450, 1460, 1470, 1480, 1490, 1500, 1510, 1520, 1530, 1540, 1550, 1560, 1570, 1580, 1590, 1600, 1610, 1620, 1630, 1640, 1650, 1660, 1670, 1680, 1690, 1700, 1710, 1720, 1730, 1740, 1750, 1760, 1770, 1780, 1790, 1800, 1810, 1820, 1830, 1840, 1850, 1860, 1870, 1880, 1890, 1900, 1910, 1920, 1930, 1940, 1950, 1960, 1970, 1980, 1990, 2000, 2010, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2090, 2100, 2110, 2120, 2130, 2140, 2150, 2160, 2170, 2180, 2190, 2200, 2210, 2220, 2230, 2240, 2250, 2260, 2270, 2280, 2290, 2300, 2310, 2320, 2330, 2340, 2350, 2360, 2370, 2380, 2390, 2400, 2410, 2420, 2430, 2440, 2450, 2460, 2470, 2480, 2490, 2500, 2510, 2520, 2530, 2540, 2550, 2560, 2570, 2580, 2590, 2600, 2610, 2620, 2630, 2640, 2650, 2660, 2670, 2680, 2690, 2700, 2710, 2720, 2730, 2740, 2750, 2760, 2770, 2780, 2790, 2800, 2810, 2820, 2830, 2840, 2850, 2860, 2870, 2880, 2890, 2900, 2910, 2920, 2930, 2940, 2950, 2960, 2970, 2980, 2990, 3000, 3010, 3020, 3030, 3040, 3050, 3060, 3070, 3080, 3090, 3100, 3110, 3120, 3130, 3140, 3150, 3160, 3170, 3180, 3190, 3200, 3210, 3220, 3230, 3240, 3250, 3260, 3270, 3280, 3290, 3300, 3310, 3320, 3330, 3340, 3350, 3360, 3370, 3380, 3390, 3400, 3410, 3420, 3430, 3440, 3450, 3460, 3470, 3480, 3490, 3500, 3510, 3520, 3530, 3540, 3550, 3560, 3570, 3580, 3590, 3600, 3610, 3620, 3630, 3640, 3650, 3660, 3670, 3680, 3690, 3700, 3710, 3720, 3730, 3740, 3750, 3760, 3770, 3780, 3790, 3800, 3810, 3820, 3830, 3840, 3850, 3860, 3870, 3880, 3890, 3900, 3910, 3920, 3930, 3940, 3950, 3960, 3970, 3980, 3990, 4000, 4010, 4020, 4030, 4040, 4050, 4060, 4070, 4080, 4090, 4100, 4110, 4120, 4130, 4140, 4150, 4160, 4170, 4180, 4190, 4200, 4210, 4220, 4230, 4240, 4250, 4260, 4270, 4280, 4290, 4300, 4310, 4320, 4330, 4340, 4350, 4360, 4370, 4380, 4390, 4400, 4410, 4420, 4430, 4440, 4450, 4460, 4470, 4480, 4490, 4500, 4510, 4520, 4530, 4540, 4550, 4560, 4570, 4580, 4590, 4600, 4610, 4620, 4630, 4640, 4650, 4660, 4670, 4680, 4690, 4700, 4710, 4720, 4730, 4740, 4750, 4760, 4770, 4780, 4790, 4800, 4810, 4820, 4830, 4840, 4850, 4860, 4870, 4880, 4890, 4900, 4910, 4920, 4930, 4940, 4950, 4960, 4970, 4980, 4990, 5000, 5010, 5020, 5030, 5040, 5050, 5060, 5070, 5080, 5090, 5100, 5110, 5120, 5130, 5140, 5150, 5160, 5170, 5180, 5190, 5200, 5210, 5220, 5230, 5240, 5250, 5260, 5270, 5280, 5290, 5300, 5310, 5320, 5330, 5340, 5350, 5360, 5370, 5380, 5390, 5400, 5410, 5420, 5430, 5440, 5450, 5460, 5470, 5480, 5490, 5500, 5510, 5520, 5530, 5540, 5550, 5560, 5570, 5580, 5590, 5600, 5610, 5620, 5630, 5640, 5650, 5660, 5670, 5680, 5690, 5700, 5710, 5720, 5730, 5740, 5750, 5760, 5770, 5780, 5790, 5800, 5810, 5820, 5830, 5840, 5850, 5860, 5870, 5880, 5890, 5900, 5910, 5920, 5930, 5940, 5950, 5960, 5970, 5980, 5990, 6000, 6010, 6020, 6030, 6040, 6050, 6060, 6070, 6080, 6090, 6100, 6110, 6120, 6130, 6140, 6150, 6160, 6170, 6180, 6190, 6200, 6210, 6220, 6230, 6240, 6250, 6260, 6270, 6280, 6290, 6300, 6310, 6320, 6330, 6340, 6350, 6360, 6370, 6380, 6390, 6400, 6410, 6420, 6430, 6440, 6450, 6460, 6470, 6480, 6490, 6500, 6510, 6520, 6530, 6540, 6550, 6560, 6570, 6580, 6590, 6600, 6610, 6620, 6630, 6640, 6650, 6660, 6670, 6680, 6690, 6700, 6710, 6720, 6730, 6740, 6750, 6760, 6770, 6780, 6790, 6800, 6810, 6820, 6830, 6840, 6850, 6860, 6870, 6880, 6890, 6900, 6910, 6920, 6930, 6940, 6950, 6960, 6970, 6980, 6990, 7000, 7010, 7020, 7030, 7040, 7050, 7060, 7070, 7080, 7090, 7100, 7110, 7120,

[illegible]

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.	
Index Guide as at 7th March, 1978 (Base 100 at 141.77.)	
Clive Fixed Interest Capital .....	156.81
Clive Fixed Interest Income .....	122.63

**CORAL INDEX: Close 450-461**

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## INSURANCE BASE RATES

† Property Growth .....	7½%
† Vanbrugh Guaranteed .....	7½%

\* Address shown under Insurance and Property Bond Table.



**FT SHARE INFORMATION SERVICE****AMERICANS—Continued**

### BUILDING INDUSTRY—Cont.

**DRAPERY AND STORES—Cont.**

## ENGINEERING—Continued

**\*\*BRITISH FUNDS**[illegible]

cell \$1.50	335m	+14	\$1.90
E.F.	876p	+31	\$0.68

7050	E. C. International	3995	+16	985	6.0
7051	Kaiser A.L. S&S	3995	0	985	6.0
7052	W. J. S&S	3995	0	985	6.0
7053	W. J. S&S	3995	0	985	6.0
7054	W. J. S&S	3995	0	985	6.0
7055	W. J. S&S	3995	0	985	6.0
7056	W. J. S&S	3995	0	985	6.0
7057	W. J. S&S	3995	0	985	6.0
7058	W. J. S&S	3995	0	985	6.0
7059	W. J. S&S	3995	0	985	6.0
7060	W. J. S&S	3995	0	985	6.0
7061	W. J. S&S	3995	0	985	6.0
7062	W. J. S&S	3995	0	985	6.0
7063	W. J. S&S	3995	0	985	6.0
7064	W. J. S&S	3995	0	985	6.0
7065	W. J. S&S	3995	0	985	6.0
7066	W. J. S&S	3995	0	985	6.0
7067	W. J. S&S	3995	0	985	6.0
7068	W. J. S&S	3995	0	985	6.0
7069	W. J. S&S	3995	0	985	6.0
7070	W. J. S&S	3995	0	985	6.0
7071	W. J. S&S	3995	0	985	6.0
7072	W. J. S&S	3995	0	985	6.0
7073	W. J. S&S	3995	0	985	6.0
7074	W. J. S&S	3995	0	985	6.0
7075	W. J. S&S	3995	0	985	6.0
7076	W. J. S&S	3995	0	985	6.0
7077	W. J. S&S	3995	0	985	6.0
7078	W. J. S&S	3995	0	985	6.0
7079	W. J. S&S	3995	0	985	6.0
7080	W. J. S&S	3995	0	985	6.0
7081	W. J. S&S	3995	0	985	6.0
7082	W. J. S&S	3995	0	985	6.0
7083	W. J. S&S	3995	0	985	6.0
7084	W. J. S&S	3995	0	985	6.0
7085	W. J. S&S	3995	0	985	6.0
7086	W. J. S&S	3995	0	985	6.0
7087	W. J. S&S	3995	0	985	6.0
7088	W. J. S&S	3995	0	985	6.0
7089	W. J. S&S	3995	0	985	6.0
7090	W. J. S&S	3995	0	985	6.0
7091	W. J. S&S	3995	0	985	6.0
7092	W. J. S&S	3995	0	985	6.0
7093	W. J. S&S	3995	0	985	6.0
7094	W. J. S&S	3995	0	985	6.0
7095	W. J. S&S	3995	0	985	6.0
7096	W. J. S&S	3995	0	985	6.0
7097	W. J. S&S	3995	0	985	6.0
7098	W. J. S&S	3995	0	985	6.0
7099	W. J. S&S	3995	0	985	6.0
7100	W. J. S&S	3995	0	985	6.0

E. List Conversion 45% (based on \$USL/50 per \$)

Conversion Rate 0.70M (0.7055)

132	Costain R. —	250	13.46	95	21
9	Countryside Sp.	36	d1 19	19	50

[illegible]

461 <sub>2</sub>	18	Wire Mallet: 10p	451 <sub>2</sub>	.....	1.75	3.5	5.8	(5.5)
52	24	Hard: Furn: .....	27	.....	0.2	—	1.1	—
52	24	Hard: Furn: .....	27	.....	0.2	—	1.1	—

87	37	1	d2	21	54	44	44	44	44
86	26	10	d1	18	54	44	44	44	44
85	26	10	d1	18	54	44	44	44	44
84	26	10	d1	18	54	44	44	44	44
83	26	10	d1	18	54	44	44	44	44
82	26	10	d1	18	54	44	44	44	44
81	26	10	d1	18	54	44	44	44	44
80	26	10	d1	18	54	44	44	44	44
79	26	10	d1	18	54	44	44	44	44
78	26	10	d1	18	54	44	44	44	44
77	26	10	d1	18	54	44	44	44	44
76	26	10	d1	18	54	44	44	44	44
75	26	10	d1	18	54	44	44	44	44
74	26	10	d1	18	54	44	44	44	44
73	26	10	d1	18	54	44	44	44	44
72	26	10	d1	18	54	44	44	44	44
71	26	10	d1	18	54	44	44	44	44
70	26	10	d1	18	54	44	44	44	44
69	26	10	d1	18	54	44	44	44	44
68	26	10	d1	18	54	44	44	44	44
67	26	10	d1	18	54	44	44	44	44
66	26	10	d1	18	54	44	44	44	44
65	26	10	d1	18	54	44	44	44	44
64	26	10	d1	18	54	44	44	44	44
63	26	10	d1	18	54	44	44	44	44
62	26	10	d1	18	54	44	44	44	44
61	26	10	d1	18	54	44	44	44	44
60	26	10	d1	18	54	44	44	44	44
59	26	10	d1	18	54	44	44	44	44
58	26	10	d1	18	54	44	44	44	44
57	26	10	d1	18	54	44	44	44	44
56	26	10	d1	18	54	44	44	44	44
55	26	10	d1	18	54	44	44	44	44
54	26	10	d1	18	54	44	44	44	44
53	26	10	d1	18	54	44	44	44	44
52	26	10	d1	18	54	44	44	44	44
51	26	10	d1	18	54	44	44	44	44
50	26	10	d1	18	54	44	44	44	44
49	26	10	d1	18	54	44	44	44	44
48	26	10	d1	18	54	44	44	44	44
47	26	10	d1	18	54	44	44	44	44
46	26	10	d1	18	54	44	44	44	44
45	26	10	d1	18	54	44	44	44	44
44	26	10	d1	18	54	44	44	44	44
43	26	10	d1	18	54	44	44	44	44
42	26	10	d1	18	54	44	44	44	44
41	26	10	d1	18	54	44	44	44	44
40	26	10	d1	18	54	44	44	44	44
39	26	10	d1	18	54	44	44	44	44
38	26	10	d1	18	54	44	44	44	44
37	26	10	d1	18	54	44	44	44	44
36	26	10	d1	18	54	44	44	44	44
35	26	10	d1	18	54	44	44	44	44
34	26	10	d1	18	54	44	44	44	44
33	26	10	d1	18	54	44	44	44	44
32	26	10	d1	18	54	44	44	44	44
31	26	10	d1	18	54	44	44	44	44
30	26	10	d1	18	54	44	44	44	44
29	26	10	d1	18	54	44	44	44	44
28	26	10	d1	18	54	44	44	44	44
27	26	10	d1	18	54	44	44	44	44
26	26	10	d1	18	54	44	44	44	44
25	26	10	d1	18	54	44	44	44	44
24	26	10	d1	18	54	44	44	44	44
23	26	10	d1	18	54	44	44	44	44
22	26	10	d1	18	54	44	44	44	44
21	26	10	d1	18	54	44	44	44	44
20	26	10	d1	18	54	44	44	44	44
19	26	10	d1	18	54	44	44	44	44
18	26	10	d1	18	54	44	44	44	44
17	26	10	d1	18	54	44	44	44	44
16	26	10	d1	18	54	44	44	44	44
15	26	10	d1	18	54	44	44	44	44
14	26	10	d1	18	54	44	44	44	44
13	26	10	d1	18	54	44	44	44	44
12	26	10	d1	18	54	44	44	44	44
11	26	10	d1	18	54	44	44	44	44
10	26	10	d1	18	54	44	44	44	44
9	26	10	d1	18	54	44	44	44	44
8	26	10	d1	18	54	44	44	44	44
7	26	10	d1	18	54	44	44	44	44
6	26	10	d1	18	54	44	44	44	44
5	26	10	d1	18	54	44	44	44	44
4	26	10	d1	18	54	44	44	44	44
3	26	10	d1	18	54	44	44	44	44
2	26	10	d1	18	54	44	44	44	44
1	26	10	d1	18	54	44	44	44	44

55	Expanded Metal	56	-1	3.68	6	10
109	Farmer (S.W.)	119	+1	67.59	23	9

[illegible]

## INDUSTRIALS

(Miscel.)

122	76	49	11	41	75	155	24	88	71
123	76	49	11	41	96	57	23	83	71
124	76	49	11	41	98	57	23	83	71
125	76	49	11	41	98	57	23	83	71
126	76	49	11	41	98	57	23	83	71
127	76	49	11	41	98	57	23	83	71
128	76	49	11	41	98	57	23	83	71
129	76	49	11	41	98	57	23	83	71
130	76	49	11	41	98	57	23	83	71
131	76	49	11	41	98	57	23	83	71
132	76	49	11	41	98	57	23	83	71
133	76	49	11	41	98	57	23	83	71
134	76	49	11	41	98	57	23	83	71
135	76	49	11	41	98	57	23	83	71
136	76	49	11	41	98	57	23	83	71
137	76	49	11	41	98	57	23	83	71
138	76	49	11	41	98	57	23	83	71
139	76	49	11	41	98	57	23	83	71
140	76	49	11	41	98	57	23	83	71
141	76	49	11	41	98	57	23	83	71
142	76	49	11	41	98	57	23	83	71
143	76	49	11	41	98	57	23	83	71
144	76	49	11	41	98	57	23	83	71
145	76	49	11	41	98	57	23	83	71
146	76	49	11	41	98	57	23	83	71
147	76	49	11	41	98	57	23	83	71
148	76	49	11	41	98	57	23	83	71
149	76	49	11	41	98	57	23	83	71
150	76	49	11	41	98	57	23	83	71
151	76	49	11	41	98	57	23	83	71
152	76	49	11	41	98	57	23	83	71
153	76	49	11	41	98	57	23	83	71
154	76	49	11	41	98	57	23	83	71
155	76	49	11	41	98	57	23	83	71
156	76	49	11	41	98	57	23	83	71
157	76	49	11	41	98	57	23	83	71
158	76	49	11	41	98	57	23	83	71
159	76	49	11	41	98	57	23	83	71
160	76	49	11	41	98	57	23	83	71
161	76	49	11	41	98	57	23	83	71
162	76	49	11	41	98	57	23	83	71
163	76	49	11	41	98	57	23	83	71
164	76	49	11	41	98	57	23	83	71
165	76	49	11	41	98	57	23	83	71
166	76	49	11	41	98	57	23	83	71
167	76	49	11	41	98	57	23	83	71
168	76	49	11	41	98	57	23	83	71
169	76	49	11	41	98	57	23	83	71
170	76	49	11	41	98	57	23	83	71
171	76	49	11	41	98	57	23	83	71
172	76	49	11	41	98	57	23	83	71
173	76	49	11	41					

## CANADIANS

[illegible]

## BANKS AND HIRE PURCHASE

1987-78	Stock	Price	+ or -	Div	Yld	PS	P/E
Low					Corr		
270	1.06	ANZSAI	228	+5	0.0126	1	3.6
270	1.06	Amgen B.D.I	225	0	0.0126	1	3.6
513	1.686	Algenem F1100	487.00	0	0.021	2.5	5.0
595	3.50	Allen Harvey E.I.	690.00	0	0.073	7	9.7
146	0.75	Allied Ind.	367	0	0.0126	1	6.0
175	1.05	Armstrong L.I.	412.00	0	0.020	1	6.0
270	1.06	Avco	225	+3	0.0126	1	3.6
345	2.00	Bt. Ireland E.I.	347	+3	0.0126	1	3.6
345	2.00	De. Hope Conv.	314	+3	0.0126	1	3.6
27	1.15	Bt. Leased E.I.	17	0	0.0126	1	3.6
27	1.15	Bt. Leased UTOPI	17	0	0.0126	1	3.6

## ELECTRICAL AND RADIO

[illegible]

## CHEMICALS PLASTICS

[illegible]

## ENGINEERING

[illegible]**FOOD, GROCERIES, ETC.**

96	144	Alpine Slope D. 10p	113	.....	.....	.....	.....	.....	.....
97	145	Am. Placents 2p	114	.....	.....	.....	.....	.....	.....
98	146	Am. Placents 2p	115	.....	.....	.....	.....	.....	.....
99	147	Am. Placents 2p	116	.....	.....	.....	.....	.....	.....
00	148	Am. Placents 2p	117	.....	.....	.....	.....	.....	.....
01	149	Am. Placents 2p	118	.....	.....	.....	.....	.....	.....
02	150	Am. Placents 2p	119	.....	.....	.....	.....	.....	.....
03	151	Am. Placents 2p	120	.....	.....	.....	.....	.....	.....
04	152	Am. Placents 2p	121	.....	.....	.....	.....	.....	.....
05	153	Am. Placents 2p	122	.....	.....	.....	.....	.....	.....
06	154	Am. Placents 2p	123	.....	.....	.....	.....	.....	.....
07	155	Am. Placents 2p	124	.....	.....	.....	.....	.....	.....
08	156	Am. Placents 2p	125	.....	.....	.....	.....	.....	.....
09	157	Am. Placents 2p	126	.....	.....	.....	.....	.....	.....
10	158	Am. Placents 2p	127	.....	.....	.....	.....	.....	.....
11	159	Am. Placents 2p	128	.....	.....	.....	.....	.....	.....
12	160	Am. Placents 2p	129	.....	.....	.....	.....	.....	.....
13	161	Am. Placents 2p	130	.....	.....	.....	.....	.....	.....
14	162	Am. Placents 2p	131	.....	.....	.....	.....	.....	.....
15	163	Am. Placents 2p	132	.....	.....	.....	.....	.....	.....
16	164	Am. Placents 2p	133	.....	.....	.....	.....	.....	.....
17	165	Am. Placents 2p	134	.....	.....	.....	.....	.....	.....
18	166	Am. Placents 2p	135	.....	.....	.....	.....	.....	.....
19	167	Am. Placents 2p	136	.....	.....	.....	.....	.....	.....
20	168	Am. Placents 2p	137	.....	.....	.....	.....	.....	.....
21	169	Am. Placents 2p	138	.....	.....	.....	.....	.....	.....
22	170	Am. Placents 2p	139	.....	.....	.....	.....	.....	.....
23	171	Am. Placents 2p	140	.....	.....	.....	.....	.....	.....
24	172	Am. Placents 2p	141	.....	.....	.....	.....	.....	.....
25	173	Am. Placents 2p	142	.....	.....	.....	.....	.....	.....
26	174	Am. Placents 2p	143	.....	.....	.....	.....	.....	.....
27	175	Am. Placents 2p	144	.....	.....	.....	.....	.....	.....
28	176	Am. Placents 2p	145	.....	.....	.....	.....	.....	.....
29	177	Am. Placents 2p	146	.....	.....	.....	.....	.....	.....
30	178	Am. Placents 2p	147	.....	.....	.....	.....	.....	.....
31	179	Am. Placents 2p	148	.....	.....	.....	.....	.....	.....
32	180	Am. Placents 2p	149	.....	.....	.....	.....	.....	.....
33	181	Am. Placents 2p	150	.....	.....	.....	.....	.....	.....
34	182	Am. Placents 2p	151	.....	.....	.....	.....	.....	.....
35	183	Am. Placents 2p	152	.....	.....	.....	.....	.....	.....
36	184	Am. Placents 2p	153	.....	.....	.....	.....	.....	.....
37	185	Am. Placents 2p	154	.....	.....	.....	.....	.....	.....
38	186	Am. Placents 2p	155	.....	.....	.....	.....	.....	.....
39	187	Am. Placents 2p	156	.....	.....	.....	.....	.....	.....
40	188	Am. Placents 2p	157	.....	.....	.....	.....	.....	.....
41	189	Am. Placents 2p	158	.....	.....	.....	.....	.....	.....
42	190	Am. Placents 2p	159	.....	.....	.....	.....	.....	.....
43	191	Am. Placents 2p	160	.....	.....	.....	.....	.....	.....
44	192	Am. Placents 2p	161	.....	.....	.....	.....	.....	.....
45	193	Am. Placents 2p	162	.....	.....	.....	.....	.....	.....
46	194	Am. Placents 2p	163	.....	.....	.....	.....	.....	.....
47	195	Am. Placents 2p	164	.....	.....	.....	.....	.....	.....
48	196	Am. Placents 2p	165	.....	.....	.....	.....	.....	.....
49	197	Am. Placents 2p	166	.....	.....	.....	.....	.....	.....
50	198	Am. Placents 2p	167	.....	.....	.....	.....	.....	.....
51	199	Am. Placents 2p	168	.....	.....	.....	.....	.....	.....
52	200	Am. Placents 2p	169	.....	.....	.....	.....	.....	.....
53	201	Am. Placents 2p	170	.....	.....	.....	.....	.....	.....
54	202	Am. Placents 2p	171	.....	.....	.....	.....	.....	.....
55	203	Am. Placents 2p	172	.....	.....	.....	.....	.....	.....
56	204	Am. Placents 2p	173	.....	.....	.....	.....	.....	.....
57	205	Am. Placents 2p	174	.....	.....	.....	.....	.....	.....
58	206	Am. Placents 2p	175	.....	.....	.....	.....	.....	.....
59	207	Am. Placents 2p	176	.....	.....	.....	.....	.....	.....
60	208	Am. Placents 2p	177	.....	.....	.....	.....	.....	.....
61	209	Am. Placents 2p	178	.....	.....	.....	.....	.....	.....
62	210	Am. Placents 2p	179	.....	.....	.....	.....	.....	.....
63	211	Am. Placents 2p	180	.....	.....	.....	.....	.....	.....
64	212	Am. Placents 2p	181	.....	.....	.....	.....	.....	.....
65	213	Am. Placents 2p	182	.....	.....	.....	.....	.....	.....
66	214	Am. Placents 2p	183	.....	.....	.....	.....	.....	.....
67	215	Am. Placents 2p	184	.....	.....	.....	.....	.....	.....
68	216	Am. Placents 2p	185	.....	.....	.....	.....	.....	.....
69	217	Am. Placents 2p	186	.....	.....	.....	.....	.....	.....
70	218	Am. Placents 2p	187	.....	.....	.....	.....	.....	.....
71	219	Am. Placents 2p	188	.....	.....	.....	.....	.....	.....
72	220	Am. Placents 2p	189	.....	.....	.....	.....	.....	.....
73	221	Am. Placents 2p	190	.....	.....	.....	.....	.....	.....
74	222	Am. Placents 2p	191	.....	.....	.....	.....	.....	.....
75	223	Am. Placents 2p	192	.....	.....	.....	.....	.....	.....
76	224	Am. Placents 2p	193	.....	.....	.....	.....	.....	.....
77	225	Am. Placents 2p	194	.....	.....	.....	.....	.....	.....
78	226	Am. Placents 2p	195	.....	.....	.....	.....	.....	.....
79	227	Am. Placents 2p	196	.....	.....	.....	.....	.....	.....
80	228	Am. Placents 2p	197	.....	.....	.....	.....	.....	.....
81	229	Am. Placents 2p	198	.....	.....	.....	.....	.....	.....
82	230	Am. Placents 2p	199	.....	.....	.....	.....	.....	.....
83	231	Am. Placents 2p	200	.....	.....	.....	.....	.....	.....
84	232	Am. Placents 2p	201	.....	.....	.....	.....	.....	.....
85	233	Am. Placents 2p	202	.....	.....	.....	.....	.....	.....
86	234	Am. Placents 2p	203	.....	.....	.....	.....	.....	.....
87	235	Am. Placents 2p	204	.....	.....	.....	.....	.....	.....
88	236	Am. Placents 2p	205	.....	.....	.....	.....	.....	.....
89	237	Am. Placents 2p	206	.....	.....	.....	.....	.....	.....
90	238	Am. Placents 2p	207	.....	.....	.....	.....	.....	.....
91	239	Am. Placents 2p	208	.....	.....	.....	.....	.....	.....
92	240	Am. Placents 2p	209	.....	.....	.....	.....	.....	.....
93	241	Am. Placents 2p	210	.....	.....	.....	.....	.....	.....
94	242	Am. Placents 2p	211	.....	.....	.....	.....	.....	.....
95	243	Am. Placents 2p	212	.....	.....	.....	.....	.....	.....

## NEMAS, THEATRES AND TV

472	Anglia TV "A"	72	4.18	φ	8.8	φ	7.3
694	Ass Tele "A"	106	b6.55	b2.23	8.7	8.7	8.7
11	Granpam "A"	106	r2.0	2.5	7.3	7.6	5.5
100	Green Group (by)	55	Q4.23	2.5	8.3	9.3	2.5
100	TV Set by L&B	126	+5	6.6	9.0	9.0	9.0
80	LWTA	117	6.19	2.5	8.3	7.2	7.2
55	Rediff TV Prof. II	73	6.04	19.4	12.2	12.2	12.2
231	Scott. TV "A"	70	12.14	2.5	6.0	6.0	6.0
100	Tridiv TV "A" (by)	56	2.83	2.5	8.4	8.4	8.4
100	TV Set by L&B	126	1.93	1.93	1.93	1.93	1.93
15	Westland TV (by)	241	1.65	1.7	10.7	8.2	8.2

53	70	Babcock & W.	111	85.25	33	7.2	5.0
54	279	Bailey (C. H.)	748	0.21	0.7	4.6	(56.7)

[illegible]

## DRAPERY AND STORES

76-2	Allied Retail 10p	282	.....	477.92	2.9	5.9	9.0
21	Amber Day 10p	34nd	.....	7d1.95	3.0	8.7	4.7
20	Aquascutum Sp	33	.....	1.38	3.7	6.4	6.3
18	Do 'A' 5p	33	.....	1.38	3.7	6.4	6.3
27	Audiotronic 10p	32	.....	23.3	1.2	7.9	10
104	Baker's Strs 10p	29xc	.....	hd0.57	6.7	3.6	6.4
44	Beattie's A	+1	.....	h2.10	4.2	3.0	10.5

**DATE TIME UNKNOWN: UNKNOWN**

BUILDING INDUSTRY, TIMBER AND ROADS									
95	46	Aberdeen Const.	85	-1	74.18	3.6	5.5	5.7	34
94	74	Albert Const.	152	+2	76.14	3.7	6.0	6.8	42
93	77	Allred Plant 10p.	150		70.07	6.1	7.1	4.7	40
92	37 1/2	Armstrong Shaks.	52		4.26	1.2	1.0	1.4	35
91	74	A.P. Cement 1/2	258		78.49	2.4	5.4	11.8	49
90	77	B&A 20p.	120		+42.26	2.2	2.9	5.4	45
89	70	B&W 10p.	232		23.3	4.4	4.1	4.1	39
88	21	Baggeridge Brk.	32		2.33	1.4	1.1	1.9	93
87	15	Balfour Brn 10p.	43		+65.58	1.8	+14.3	1.3	31
86	23	Bannbridge 10p.	14		-11.69	3.7	6.0	6.9	110

23	Bristol Channel	67	0.26	0.9	5.8	(30.5)
82	British Northrop	94	16.0	—	9.7	9

[illegible]

### Results

HOTELS AND CATERERS									
12	Adda Int 10p	32	-1	td 51	-	24	-		
136	Borel J. Fr. 100	514	+5	Q1245	29	10.8	77		
28	Brent Walker 3p	49		114	624	3.5	17.9		
70	City Hotels 21p	93	+1	a 1.9	2.8	4.3	8.6		
82	De Vere Hotels	155		T04 26	13	4.2	28.8		
14	Epicure 3p	121		N 0 33	1.9	4.0	29.5		

149	Marshall M. Sills	204	+6	1066c	29	38	11.9
22 <sup>1</sup> / <sub>2</sub>	Jentique	241 <sup>1</sup> / <sub>2</sub>	---	152.0	12	12.4	10.4
9	Johnson & Harner	101	---				

85	27	Johnson Clara	34	1.89	6.7	22	9
300	300	Johnson Mtr: J	400	112.38	4.9	4.7	6.8
41	2	Jourdan (T) 10p	34	12.64	2.6	11.8	4.9
32	192	Kalamazoo 10p	28	1.95	1.9	10.4	4.1
36	14	Kelley Inds	94	3.23	7.2	5.2	3.8
109	24	Kennedy Sm 10p	29	11.58	2.3	8.3	8.1
29	512	Korschba (A) 15p	975	15.9	2.0	2.5	9.5
71	37	Laloe & Ze Hldrs	65	3.82	2.2	9.0	7.5
96	1	L.A. B. D. 10p					







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# FINANCIAL TIMES

Tuesday March 21 1978

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## Elected Lords proposed by Tory group

BY RUPERT CORNWELL

**SWEEPING PROPOSALS** for a reorganisation of the House of Lords, its membership cut from 1,139 to 430, were made yesterday by a study group of Tory peers and MPs headed by Lord Home, former Prime Minister. About two-thirds of the Lords' members would be elected by a form of proportional representation.

The Upper House would have 268 elected members and 124 life peers to be nominated by the Prime Minister after consultation with a special committee of Privy Counsellors. Some bishops and law lords would also have seats, making a total membership of 430.

**Abolition fear**

The committee was appointed 14 months ago by Mrs. Margaret Thatcher. Its aim was to secure a viable second Chamber in the face of Labour Party threats to abolish the Lords outright.

"If the House of Lords were to be abolished, and nothing put in its place, it would be possible for a Government with even a tiny Commons majority to put through the most radical changes without fear of restraints, and even to prolong its own life," said Lord Home.

The report is not official party policy, but it is hoped that it will form the basis of any firm proposal which a future Tory Government might bring forward for Lords reform.

**Safeguard**

It sets out to provide a sound basis on which the Upper House can perform its two main functions of revising legislation and acting as a safeguard against constitutional abuse which, it concludes, is impossible under the existing "anachronistic" and "amateurish" structure of the Lords.

The report's retention of PR, despite the known hostility of Mrs. Thatcher to any change in Britain's first-past-the-post electoral system, caused some surprise at Westminster. But the committee says that PR, which would deny any party an overall majority in the Lords, would be suitable for what was essentially a scrutinising Chamber.

Details of report and new peers, Page 8; Editorial Comment, Page 22

## OIL SLICK FROM TANKER 50 MILES OFF CHANNEL ISLES

### Threat of pollution grows

BY MARK WEBSTER IN BREST AND IAN HARGREAVES IN LONDON

GALE-FORCE winds last night were threatening to cause further massive pollution to the Brittany coast from the grounded Amoco Cadiz supertanker.

Winds and sea currents pushed a 400-square-mile oil slick 20 miles closer to the Channel Islands and by yesterday evening there was oil within 50 miles of Guernsey and 70 miles of South Devon.

Almost half the ship's 220,000-ton cargo of light crude is now thought to have been lost.

As the French pollution-fighting force was strengthened by nine vessels from Britain, controversy grew about what happened in the final hours before the out-of-control vessel drifted on to the rocks.

Two conflicting accounts have emerged of the early hours of the attempted rescue of the Amoco Cadiz, by the Brest-based tug Pacific, which is owned by Bugier of Hamburg.

Bugier issued a statement flatly denying what it called "slandering reports" that it had delayed assistance to the rudderless tanker because the tug captain and the tanker master could not agree terms of a towing contract.

According to Bugier, the Pacific was offered services by radio telephone on the basis of a Lloyd's open form or "no cure no pay" contract, which would mean a payment for Bugier's services.

Other reports say that for up to three hours, the tanker and the tug drifted with slack ropes until they were only six miles from the mainland. Amoco admits that during this period, when the French maritime authorities were reassured that there was nothing to worry about, the two captains discussed contracts.

No one disputes that at around 16.15, with the tanker rolling heavily, the tug pulled and the rope snapped. Further repeated efforts to get a main line aboard failed and twice lighter tugs tried to drag the fully-laden tanker.

Eventually, Bugier says, a line was put on board but "it turned out that a tug of 10,000 bhp simply did not suffice to drag the fully-laden tanker of some 300,000 dwt and a draft of almost 20 metres, away from the coast into deeper water against nature's forces."

In spite of running her engines at full, the tug was only able to slow down the rate of drift, hoping for the arrival of another tug, the Simson. The Amoco Cadiz hit the rocks at 21.30, the ship's engine room flooded and at 22.00, the crew mustered to be collected by a helicopter at 01.45 on Friday. At 04.00 hours, the vessel started to smash against the rocks and shortly afterwards, the captain was lifted off.

The French authorities say the first indication they had of the seriousness of the tanker's predicament was when a dozen emergency rockets were fired from the ship, once it had gone aground, by Captain Leslie Maynard, the P & O safety consultant on board the Amoco Cadiz for a crew training voyage.

An official inquiry is expected to be announced into the wreck shortly, either by the French authorities or the Librarian Government, under whose flag the supertanker was registered.

Mr. Stanley Clinton Davis, the Trade Under Secretary, told the Commons that he would seek an early meeting with his French opposite number to discuss the implications of the incident.

In the Channel Islands, fishermen experimented with inflated hoses pipes for possible use as a boom across harbour mouths to halt the progress of the slick. But the indications last night were that winds were likely to change and push the oil back towards France.

**Alert**

Emergency supplies of chemical dispersant have been sent to the islands and U.K. dispersant manufacturers placed on alert.

Mr. Denis Howell, who has so far dealt with droughts, blizzards and flooding, has been nominated by the Prime Minister to lead the pollution fight if the oil does reach Britain. In one of the incident's few lighter moments, Mr. Clinton Davis said: "We hope he will bring his usual luck to bear in this matter."

**GROSS DOMESTIC PRODUCT**

	GDP average estimate 1970=100	Trading profits net of stock appreciation £bn.
1975	107.2	5.424
1976	109.7	7.219
1977	110.6	10.746
1978 1st	109.0	1.339
2nd	109.4	1.786
3rd	109.4	1.741
4th	111.1	2.153
1977 1st	110.3	2.239
2nd	110.8	2.400
3rd	110.5	2.961
4th	110.6	2.966

All estimates adjusted  
Source: Central Statistical Office

virtually no movement throughout 1977.

The output index, usually regarded as the best indicator of short-term movements, rose by 0.2 points to 110.8 (100=1970, seasonally adjusted) between the third and fourth quarters and was only 0.6 points up on its level a year before.

Manufacturing production was down slightly between the two quarters but after a good harvest agricultural output was up 4 points to 114 compared with the third quarter and by 17 points on the same period in 1976.

At the heart of the dispute, which culminated in the employers imposing a nationwide lockout on all printers belonging to IG-Druck, was the issue of what was to become of the skilled hot-metal printers whose jobs would be expected to disappear with the introduction of the new computerised technology.

Under the terms of the agreement announced to-day, companies introducing the new technology will have to use skilled hot metal typesetters and printers on the video terminals for the next eight years.

Editorial Comment, Page 22

**Continued from Page 1**

allegiance to the common programme of the Left within hours of the end of the poll. This reformist Health Minister, who group is the obvious candidate for any Government "enlargement" towards the Left.

Candidates for the premiership range from M. Jacques Chaban-Delmas, a former Gaullist Prime Minister, who was dismissed by President Pompidou, partly because he moved too quickly in the direction of reform, and Frs.4.53-5.58 in terms of dollar, but settled at about Frs.4.60 fairly quickly. The lowest level touched was Frs.4.9450, and the franc closed nominally Gaullist. Justice at Frs.4.6020, compared with Minister, who is on the liberal Frs.4.6140 on Friday.

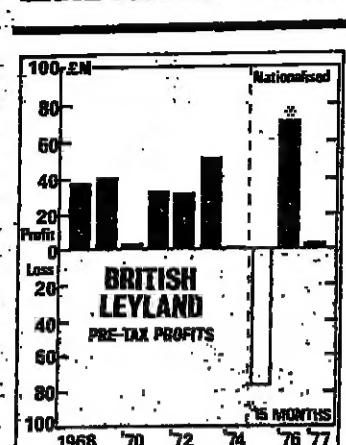
stemming the losses in the car division, Mr. Edwards stressed. Last year it lost £31.9m., as against profits of £26.6m. from commercial vehicles and £8.4m. from special products, mainly because of currency problems and internal and external disputes.

The success or failure of the group in future will depend on

## THE LEX COLUMN

### The relief of the Paris Bourse

Index rose 1.4 to 458.6



Those who trusted in French conservatism and bought French shares in defiance of opinion polls and just about every French political observer, have been well rewarded for their faith.

In six remarkable days of trading on the Paris bourse the better known shares have risen an average of 25 per cent. The left-wing's failure to come to power allowed the shares of companies that were earmarked for nationalisation to bob up like corks. The banks, because of their underlying business strength, were conspicuous in this respect. Compagnie Bancaire gained 37 per cent over the week to Fr.354 while Paribas put on 30 per cent to Fr.191.5.

Among the French glamour stocks, Matra was so much in vogue that it was quite literally unbuyable yesterday. The election week has taken its price up by 47 per cent. to Fr.1550. The rest of the elite tended to underperform but still showed gains of between 15 and 30 per cent, and Club Méditerranée, for instance, was last night yielding an exiguous 1.7 per cent.

Yesterday's trading session, though lively, was no repeat of the extraordinary events last Monday when realisation of the Left's failure first dawned on French investors. There was stock on offer yesterday and the rise over the day of 5.44 per cent. was not astounding by bourse standards. It was nevertheless a strong showing for the last day of the account when short term profit-taking was to be expected.

**British Leyland**

British Leyland incurred pre-tax losses of £91m. in the second half of 1977, giving it a small profit of just £3m. for the year as a whole. This compares with a trading profit of £70m. for the 15 months to December 1976—a performance which followed losses of £76m. for the year to September 1975. After taking account of extraordinary items the figures look even worse. For 1977 the below-the-line write-offs amounted to £43.9m.—including £24m. for the closure of Speke. So overall losses for 1977 are £51.9m., giving a total attributable deficit for the past three years of £133m.

And that is before taking any account of inflation. In 1976, for example, Leyland estimated that the cost of sales adjustment alone would have amounted to

more than £100m. As usual the main difficulty is on the volume car side which chafed up losses of £32m., against a profit of £16m. in the previous period. These figures only go to show how weak Leyland's position is in a time of adverse currency movement. The company is now asking the Government for a much-needed cash injection of £500m. Meantime, the shares, which closed unchanged at 22p, are entirely speculative.

**Company profits**

The fourth quarter GDP figures underlines the sharp slowdown in corporate profit growth towards the end of last year. Gross trading profits peaked in the first quarter of 1977 and were declining for most of the second six months. Thanks to the sharp slowdown in stock appreciation—it halved between the first and second halves of the year—company profits net of stock appreciation were still rising until the third quarter. However, although fourth quarter profits are 38 per cent up on the comparable period of last year, there has been no growth in real profits between the third and fourth quarters.

**Willis Faber**

It was not just the modest 30 per cent advance in Willis Faber's pre-tax profits to £19.6m. which left the market cold yesterday. Rather, the dividend declaration—a total of 13.6p gross—disappointed those punters who had been hoping for 15p gross in Willis's last year of dividend freedom. So the shares dropped 12p to 27p.

Like Howden, Willis has been affected by a move to new offices. And as the bulk of costs

is incurred in the U.K. and two-thirds of revenue is earned overseas, the appreciation of the pound brought the ratio expenses to income and pressure. Expenses moved by a fifth, while income advanced only 16 per cent.

With a larger margin than other brokers Willis has been affected on the trade front by the weak premium rates in this class of business. But taxable profits have been supported by a larger expected contribution of £2.6m. from Morgan Grenfell. An investment income chipped around £6m. compared with £4.7m.

The group has entered its current year without the burden of removal costs, and with the longer term advantage a freehold rather than leasehold property. Early forecasts are predicting around £23p pre-tax for the current year. The shares, yielding 5 per cent are likely to be vulnerable further profit taking.

**Hepworth Ceramic**

Against the background of takeover talks with Johnson Richards Tiles it was impossible there should be no disappointments over the Hepworth Ceramic results, and in fact profits of £26.7m. pre-tax are just as expected. So the company has maintained its growth rate over two-fifths in the second half as well as the first, though this strength partly reflects its income benefit of the April 1977 rights issue, as well as its initial impact of the U.S. acquisition W. S. Dickey, which contributed £2.28m.

The surprise, perhaps, is that the clayware division has performed remarkably well even allowing for the acquisition. Some highly profitable export have been important here, with the group beginning to open up some useful European markets and exports have also been buoyant in refractories, though here they did little more than offset the dullness of the U.K. market.

At 82p the shares represent fair value, with a yield of 8.1 per cent, but there must be some uncertainties about growth prospects in Hepworth's major markets, especially in view of its apparent keenness to diversify into tiles. Still, the company is stepping up capital spending from £12m. to over £20m. this year, spread across all its existing product areas.

## Processing ship may be used to beat Sullom Voe delay

BY RAY DAFTER, ENERGY CORRESPONDENT

**OIL COMPANIES** with interests in the North Sea Ninian Field are making contingency plans to overcome delays to a crucial part of the £672m. Sullom Voe oil terminal in the Shetland Islands.

One idea being considered is the construction of a £15m. processing ship able to convert gas from the field into liquid petroleum gas (LPG).

Although British shipbuilders would be given an opportunity to bid for the contract—assuming that the scheme goes ahead—oilmen believe the order would probably have to be placed in Japan because of the short delivery period required.

The ship, possibly a converted tanker, would be tied up alongside the oil terminal, handling up to 15,000 barrels of LPG a day. Chevron, operator

for the Ninian Field, it is believed, would like such a system to be installed within a year to 18 months.

This is just one scheme being considered. British Petroleum, manager for the terminal's construction and operation, said it was reviewing steps to counter problems which might be caused by delays to the terminal's LPG processing unit.

It is understood that so far a purpose-built ship has not been featured in these considerations. One problem which would have to be faced would be the future employment of the vessel.

BP hopes the processing unit could be used to nine months behind schedule but probably not much later than the date when a processing ship could be used.

Some of the other members of the Ninian consortium—including Chevron—believe that Sullom Voe will not be ready before well into 1980. They claim that the construction work has been delayed by the change of terminal management, from Shell to BP, by bad weather, by construction problems, by changes in design and by the sheer engineering complexity of the project.

Chevron and its partners are investing £1.5bn. in the development of the Ninian Field, with its three production platforms, a pipeline to the Shetlands and part of the Sullom Voe terminal. They are anxious that gas, which could yield valuable supplies of fuel and chemical feedstock, should not be flared and wasted for too long.

The field, with an estimated 1bn. to 1.2bn. barrels of recoverable reserves of oil, is due to come on stream in September.

After the settlement was announced to-day, the Social Democrats, senior partners in the ruling coalition, claimed the key factor in getting the management and union back to the negotiating table was the Chancellor's televised appeal for resumption of talks.

It is clear that neither the management nor the union was completely happy with the outcome of the dispute which has cost West German newspaper and magazine publishers many lost editions during the past

couple of months.

The employers' feel that the agreement went well beyond reasonable safety safeguards for employees whose skills would no longer be required after the introduction of cold type and computerised typesetting and layout.

The union appears to believe that this is the best agreement it could have reached in the circumstances without completely blocking the introduction of new technology.

But it has made clear that it is far from satisfied with the safeguards the employers have offered.

## West German print industry and union reach compromise

BY GUY HAWTIN

FRANKFURT, March 20.

**AN UNEASY compromise** appears to have ended the dispute between the West German printing industry and IG-Druck, the print union, over the introduction of new electronic printing technology.

The only party that can fairly claim to have satisfied with the outcome is the office of Herr Helmut Schmidt, the Federal Chancellor, whose diplomacy brought management and union back to the negotiating table.

Herr Hans-Joerg Wischniewski, Minister of State in the Chancellor's office, is understood to have played a key role in bringing the two sides together under the chairmanship of Herr Josef Stiglitz, head of the Federal Labour Office.

After the settlement was announced to-day, the Social Democrats, senior partners in the ruling coalition, claimed the key factor in getting the management and union back to the negotiating table was the Chancellor's televised appeal for resumption of talks.

It is clear that neither the management nor the union was completely happy with the outcome of the dispute which has cost West German newspaper and magazine publishers many lost editions during the past

couple of months.

The employers' feel that the agreement went well beyond reasonable safety safeguards for employees whose skills would no longer be required after the introduction of cold type and computerised typesetting and layout.

The union appears to believe that this is the best agreement it could have reached in the circumstances without completely blocking the introduction of new technology.

But it has made clear that it is far from satisfied with the safeguards the employers have offered.

At the heart of the dispute, which culminated in the employers imposing a nationwide lockout on all printers belonging to IG-Druck, was the issue of what was to become of the skilled hot-metal printers whose jobs would be expected to disappear with the introduction of the new computerised technology.

Under the terms of the agreement announced to-day, companies introducing the new technology will have to use skilled hot metal typesetters and printers on the video terminals for the next eight years.

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wing of his party; and Mme Simone Veil, the popular reformist Health Minister, who is close to the President.

Early trading in the French franc was uncertain in London with dealers reluctant to set an opening rate.

Initial quotes were around Frs.4.53-4.58 in terms of dollar, but settled at about Frs.4.60 fairly quickly. The lowest level touched was Frs.4.9450, and the franc closed nominally Gaullist. Justice at Frs.4.6020, compared with Minister, who is on the liberal Frs.4.6140 on Friday.

**Giscard**

allegiance to the common programme of the Left within hours of the end of the poll. This reformist Health Minister, who group is the obvious candidate for any Government "enlargement" towards the Left.

Candidates for the premiership range from M. Jacques Chaban-Delmas, a former Gaullist Prime Minister, who was dismissed by President Pompidou, partly because he moved too quickly in the direction of reform, and Frs.4.53-5.58 in terms of dollar, but settled at about Frs.4.60 fairly quickly. The lowest level touched was Frs.4.9450, and the franc closed nominally Gaullist. Justice at Frs.4.6020, compared with Minister, who is on the liberal Frs.4.6140 on Friday.

stemming the losses in the car division, Mr. Edwards stressed. Last year it lost £31.9m., as against profits of £26.6m. from commercial vehicles and £8.4m. from special products, mainly because of currency problems and internal and external disputes.

The success or failure of the group in future will depend on

## Scots by-election date set

BY PHILIP RAWSTORNE

**THE GLASGOW** Garscadden by-election will be held on April 13—two days after the Budget.

A writ for the by-election, which will provide a crucial test of Labour's ability to withstand the Scottish National Party's challenge at the next general election, was issued in the Commons yesterday.

Mr. Donald Dewar, former MP for Aberdeen South, will defend Labour's majority of slightly more than 7,000 votes. His main opponent will be Mr. Keith Bovey, a Glasgow lawyer who was chairman of the Scottish Nationalists campaign committee which planned their victory at Govan in 1973.

The Conservatives are represented by Mr. Ian Leeson, a local man, and the breakaway Scottish Labour Party has entered Mrs. Shiona Farrell. The Liberals are not contesting the seat.

Labour are confident of holding the seat in spite of conflicting opinion polls which have suggested significant advances by the Nationalists and the

Conservatives.

A Labour victory is thought unlikely to persuade Mr. James Callaghan to call a general election before the autumn.

Our Labour Editor writes: Mr. Denis Healey is to be asked to make dispensation in his Budget for immigrant workers whose wives and children are abroad.

Tax allowances for parents are being phased out and replaced with child benefit, paid directly

to the mother. This means, according to a sub-committee of the TUC-Labour Party liaison committee, that some immigrants will be penalised.

It recommends, in a report to the committee yesterday, that the child tax allowance be continued for three years in those cases.

TUC Council move to be criticised Page 8

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within Leyland's participation system, also involves a £900m. reduction in net group expenditure or investment up to 1981, compared with previous proposals.

The success or failure of the group in future will depend on

## Weather

**U.K. TO-DAY**

SUNNY intervals, showers. London, S.E. and S.W. E. and Cent. S. England, Midlands, E. Anglia, Channel Islands. Sunny intervals, showers early. Max. 8C (46F).

**Wales**

Sunny intervals, showers, wintry on hills. Max. 7C (45F). Cent. N., N.W. and N.E. England, Lakes, Isle of Man, Borders. S.W. Scotland. Sunny intervals, wintry showers. Max. 6C (43F).

**Scotland, Orkney, Shetland**

Sunny intervals, wintry showers. Max. 5C (41F).

**N. Ireland**

Sunny intervals, wintry showers, rain later. Max. 6C (43F).

**Outlook:** Rain followed by sunny intervals and showers.

**BUSINESS CENTRES**

	Y'day mid-day	Y'day mid-day
Australia	10.00	10.00
Bahamas	10.00	10.00
Bahrain	10.00	10.00
Bangkok	10.00	10.00
Beirut	10.00	10.00
Bombay	10.00	10.00
Buenos Aires	10.00	10.00
Calcutta	10.00	10.00
Cairo	10.00	10.00
Cardiff	10.00	10.00
Chicago	10.00	10.00
Cologne	10.00	10.00
Dublin	10.00	10.00
Edinburgh	10.00	10.00
Frankfurt	10.00	10.00
Glasgow	10.00	10.00
Helsinki	10.00	10.00
Jersey	10.00	10.00
London	10.00	10.00
Lyons	10.00	10.00
Madrid	10.00	10.00
Manila	10.00	10.00
Moscow	10.00	10.00
Munich	10.00	10.00
New York	10.00	10.00
Osaka	10.00	10.00
Paris	10.00	10.00
Rangoon	10.00	10.00
Reykjavik	10.00	10.00
Rio de Janeiro	10.00	10.00
Rome	10.00	10.00
Singapore	10.00	10.00
Stockholm	10.00	10.00
Tokyo	10.00	10.00
Toronto	10.00	10.00
Winnipeg	10.00	10.00
Zurich	10.00	10.00

**HOLIDAY RESORTS**

	Y'day mid-day	Y'day mid-day
Algeria	10.00	10.00
Amman	10.00	10.00
Antwerp	10.00	10.00
Bahamas	10.00	10.00